

1 **REFERENCE: Application To Approve Minto Mine PPA; Page 5**

2
3 **3.2 Timing Requirements and Conditions**

4
5 **QUESTION:**

- 6
7 1. Can YEC provide clarification on “If any of the above conditions are not either
8 fulfilled or waived on or before the date specified the PPA will be terminated.”
9 a) Has the following timeline been met? February 28, 2007: YEC will have
10 completed its due diligence review of Minto and the Mine;
11 b) Has YEC received assurances, within reason, from YESAB, YUB, FN's and
12 other regulatory bodies that the YEC/Minto PPA timelines will be met?
13 c) Is YEC prepared to adjust timelines, given that that approval dates are for the
14 regulatory bodies to determine?
15 d) Has YEC a backup plan if the timelines stated above are not met?
16

17 **ANSWER:**

18
19 **(a)**

20
21 Please see YUB-YEC-1-29 for an update on due diligence.
22

23 **(b)**

24
25 YEC is in communication with the relevant regulatory bodies and is committed to
26 working with them in order to facilitate meeting the timelines set out in the PPA; attention
27 at this time is focused on achieving the key targets set for the April 30, 2007 as regards
28 YUB approval of the PPA, preliminary engineering and related cost estimates and other
29 work, a draft YESAB Screening report and an Project Agreement with NTFN. See also
30 response to UCG-YEC-2-2 and 3.
31

32 **(c)**

33
34 For conditions under section 3.1 that are within YEC's sole discretion, YEC will assess
35 whether to adjust timelines or waive or alter conditions prior to each deadline based on
36 the circumstances that exist at that time. Where conditions are to the benefit of both
37 YEC and Minto, the determination to extend a time line or waive or alter a condition must

1 be mutually agreeable to both parties. Ultimately, it is in the interest of YEC to extend
2 timelines if so required, subject to such extensions not seriously undermining the viability
3 of the project or exposing YEC to new and unacceptable risks.

4
5 See response to YUB-YEC-1-4 regarding benefits to ratepayers from completion in
6 2008, and response to UCG-YEC-2-1 as regards costs and other impacts under the PPA
7 from material delays in YEC in-service.

8
9 **(d)**

10
11 If conditions set out in section 3.1 are not met and have not been waived, altered or the
12 timeline extended, the PPA will terminate. The considerations relevant to YEC
13 extending any timeline are noted in response to (c) above. Receipt of YUB approval of
14 the PPA will confirm the basic parameters and allow YEC to focus on assessing any
15 added implementation scheduling options that may be available to achieve the project
16 objectives.

1 **REFERENCE: Application To Approve Minto Mine PPA; Page 8**

2
3 **4.1.3 Low Grade Ore Processing Secondary Energy Rate**

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5 **QUESTION:**

- 6
7 2. Can YEC provide clarification on the following aspects of the Low Grade Ore
8 Processing Secondary Energy Rate:
9 a) Why, or how, was the 1% figure arrived at?
10 b) Why “only at a mine site engaged primarily in copper production for
11 processing ore with less than 1% copper content”? Would other mine
12 operators interested in the Low Grade Ore Processing Secondary Energy
13 Rate be bound just by the ‘copper’ rule, or would it apply to zinc, lead etc.
14 c) What if the ore has 1% copper, but also has other percentages of metals
15 such as gold or zinc? Is the Secondary Energy Rate still applicable?
16 d) Will YEC be prepared to provide the Low Grade Ore Processing Secondary
17 Energy Rate for every mine with an ore body with less than 1% copper?
18

19 **ANSWER:**

20
21 For (a) through (d) please see answer to YUB-YEC-1-11 which sets out the following
22 rationale for the Low Grade Ore Secondary Processing Rate:
23

24 YEC has designed this rate in response to PPA negotiations with the Minto Mine
25 and in the absence of any other current potential mine customer discussions.
26 The intent is clearly set out that the rate is to be used only at a mine site engaged
27 primarily in copper production for processing ore with less than 1% copper
28 content (“Low Grade Ore”). The Low Grade Ore criteria would have no meaning
29 or relevance in the case of a mine site not engaged primarily in copper
30 production, and YEC intends to review this terminology in the event that any
31 other mine emerges that might potentially meet such a criteria in circumstances
32 where the rate might also be available due to surplus hydro still being available.
33

34 **(a)**

35
36 The 1% figure was determined by Minto’s mine plan, as described in public releases by
37 Sherwood Copper based on the Minto Feasibility Study (see response to UCG-YEC-2-

1 13), and represents the grade of ore that is planned to be stockpiled during the life of the
2 mine for planned or potential subsequent processing after high grade ore has been
3 processed.

4

5 **(b) (c) and (d)**

6

7 See above response to YUB-YEC-1-11.

8

9 While this rate may be applicable to other Industrial customers who meet the narrow
10 specifications of its applicability, this rate was specifically designed to serve Minto's
11 needs and is primarily applicable to the circumstances of that mining operation. As
12 devised, the rate is applicable to mine sites engaged primarily in copper production and
13 for processing Low Grade Ore at those sites. Low Grade Ore is defined as ore with less
14 than 1% copper content (or Low Grade Ore as defined by Minto with regard to its
15 operations at the Mine Site).

16

17 YEC intends to review this terminology in the event that any other mine emerges that
18 might potentially meet such a criteria in circumstances where the rate might also be
19 available due to surplus hydro still being available. YEC is not prepared to offer this rate
20 for every mine with an ore body with less than 1% copper, i.e., as stated the current rate
21 for starters is only applicable at a mine site engaged primarily in copper production (and
22 even for such eligible sites other than Minto YEC will review the applicability of this rate
23 as currently worded).

1 **REFERENCE: Application To Approve Minto Mine PPA; Page 10 and 11**

2
3 **4.2.2 Diesel Units at the Mine**

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5 **QUESTION:**

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7 3. Can YEC provide clarification on the four Diesel Units to be purchased from
8 Minto Mines:

9 a) Will the Mirrlees extension program be going ahead, in addition to the
10 purchase of these four diesel units?

11 b) Why purchase more diesel units, if the intent of the Carmacks/Stewart
12 extension was to provide greater hydro power to communities and mines
13 along the right-of-way?

14
15 **ANSWER:**

16
17 **(a)**

18
19 The Mirrlees units remain scheduled to be overhauled in an orderly progression over a
20 number of years beginning in 2007.

21
22 As with any capacity (load) related project, the ultimate timing will depend to some
23 extent on developments up to the date of initiating the work on each respective unit. To
24 the extent loads developed differently than forecast, the timing for the Mirrlees Life
25 Extension on each unit may be revised somewhat.

26
27 The availability of the Minto diesels will be factored into decisions regarding the timing of
28 the Mirrlees Life Extension. It is possible that the Minto diesels may allow for some
29 degree of deferral of the latter components of the Mirrlees Life Extension project.

30
31 **(b)**

32
33 The supply of hydro power (energy) to communities and mines in the vicinity of the
34 Carmacks-Stewart project is the intent. However, as discussed in detail at the Resource
35 Plan hearings, the WAF system is today already constrained with respect to the
36 availability of firm capacity supplies to meet YEC's capacity planning criteria. The Minto
37 diesels provide capacity towards this requirement, as well as efficiencies at such time as

- 1 WAF diesel operation is required to serve system loads. See response to YUB-YEC-1-
- 2 8(1) and (2).