

YUKON UTILITIES BOARD

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March 7, 2007

David Morrison
President
Yukon Energy Corporation
Box 5920
Whitehorse, Yukon Y1A 6S7

Dear Mr. Morrison::

**Re YUB Information Request No. 2 to YEC re PPA (Direct Agreement
with MacQuarrie and Minto)**

Attached is the Information Request from the Yukon Utilities Board to Yukon Energy Corporation regarding the Direct Agreement with MacQuarrie and Minto.

Sincerely,

Deana Lemke
Executive Secretary

c. All Intervenors

**YUB IRs to YEC re PPA
Direct Agreement with MacQuarrie and Minto
March 7, 2007**

1. How does the Direct Agreement benefit YEC? How does the Direct Agreement protect Yukon ratepayers?
2. Other than fulfilling paragraph 3.1(b) and (c) of the PPA, what can Yukon ratepayers expect from the Direct Agreement?
3. Clause 2.3. Please explain how subordinating YEC Security protects YEC ratepayers.

What security can YEC offer its ratepayers that they are not at risk under terms of and within the framework of the Direct Agreement?

What security can YEC offer its ratepayers that they are not more at risk post-Direct Agreement considering the terms of the PPA associated with amounts owing in respect to the Capital Cost Contribution and the electricity delivered to Minto?

4. Clause 2.4. With respect to the amounts owing to YEC for electricity delivered to Minto and any portion of the Capital Cost Contribution which is due and owing by Minto to YEC and interest thereon, what priority does YEC retain? Explain. What security, if any, is offered by the *Miners Lien Act* when considering the positioning of other debt holders. Are the claims of other debt holders secondary to YEC's debt?
5. Clause 2.5. Under what circumstance would YEC pay to the Agent the Finance Party Liabilities?
6. What is the residual value of Minto assets after the amounts owed to the Finance Parties are removed?
7. Clause 2.6: "All payments or distributions upon, or with respect to, the YEC Liabilities which are received by YEC contrary to these provisions shall be received in trust for the benefit of the Finance Parties, shall be segregated from other funds and property held by YEC and shall be immediately paid over to the Agent in the same form as received (with any necessary endorsement) to be applied (in the case of cash) to, or held as collateral (in the case of non-cash property or securities) for, the payment or repayment of the Finance Party Liabilities in accordance with its terms."

Does the foregoing apply to any amounts paid to YEC for quantities of electrical energy consumed by Minto in excess on the take or pay quantities? That is, does this give the Agent access to any balance in the proposed Mine Net Revenue Account?

8. Clause 2.8(a-e): “ ... The Agent and the Finance Parties, may at any time and from time to time, without any consent of, or notice to, YEC...” How does this offer security to ratepayers?