



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for UCG
(416) 767-1666
m Buonaguro@piac.ca

March 12, 2007

Yukon Utilities Board
Box 31728
Whitehorse, Yukon
Y1A 6L3

Attention: Wendy Shanks, Acting Chair

Re: Minister's Letter dated March 5, 2007 – Carmacks-Stewart Transmission Line

Dear Ms. Shanks:

The Utilities Consumers' Group is in receipt of the Board's letter dated March 9, 2007 requesting comments on the letter from the Government of Yukon's Minister of Justice dated March 5, 2007.

The UCG submits that the review of the proposed power purchase agreement submitted by YEC on February 9, 2007 and the government-directed Part 3 review of the proposed power line extension should be combined as a matter of regulatory efficiency.

As you indicated in your letter, it is the Yukon government's intention to designate the Carmacks-Stewart transmission line as a regulated project under Part 3 of the *Public Utilities Act* and refer the project to the YUB for review and recommendation.

It is the UCG's understanding that under Part 3 of the *Public Utilities Act*:

- No person shall construct a regulated project except in accordance with an energy project certificate. (Section 37);
- No person shall operate a regulated project except in accordance with an energy operation certificate. (Section 38); and
- An application for an energy project certificate or energy operation certificate shall be made to the Minister of Justice and shall contain the prescribed information. (Section 39)

UCG submits that Yukon Energy Corporation should be directed to make an application to the Minister of Justice for an energy project certificate and energy operation certificate. Given the public statement by Yukon Energy's President that Yukon Energy will continue on with its decision to build the line extension until it is ordered to stop,

UCG submits that the utility should be directed to put any further work related to the transmission project on hold pending the results of the Part 3 review.

UCG submits that the evidence currently on the record regarding the proposed transmission line and power purchase agreement (i.e., evidence on record from the review of YEC's 20-year Resource Plan, YEC's February 9th application, the Direct Agreement filed February 22nd, responses to information requests, etc.) will form part of the record for the Part 3 review.

Given that there has been no formal issues list established for the review to date and the inexperience of most parties with a Part 3 review, UCG submits that the Board should establish an issues list for the Part 3 review and establish information request / evidence submission processes to allow all parties (especially those that have not fully participated in the review to date) to become fully informed so they may provide meaningful input to the Board's report back to the Minister of Justice. This will allow for a more efficient follow-up process to the information request responses that were filed by YEC last week.

To avoid duplication of effort, UCG submits that the procedural schedule for the proposed power purchase agreement should be cancelled and replaced by a procedural schedule for the Part 3 review. This is particularly important in view of the Minister's specific direction that the YUB provide its final recommendations on the PPA as part of the Part 3 review of the Project.

With the revelation that Yukon Energy will now be required to go through a Part 3 review of the proposed transmission line project in order to qualify for the required energy project certificate and energy operation certificate, UCG submits that YEC should be directed to reevaluate the proposed power purchase agreement and the impact that a Part 3 review will have on the condition that a YUB approval will be needed on or before April 30, 2007 in order to complete the proposed transmission project prior to September 30, 2008.

From an intervenor cost claim perspective, UCG respectfully requests that the Board establish a process to finalize the cost claims of parties involved in the proceeding dealing with YEC's 20-year Resource Plan, and that cost claims related to the review of the PPA be included as part of the Part 3 review process. UCG notes that in its letter dated February 17th regarding YEC's cost claim it has submitted a request for information with respect to YEC's cost submission, and asks that the Board direct YEC to respond to the information requests as part of the cost process. UCG submits that this information is necessary before it can make any final comments on YEC's claim.

Should you have any questions, please do not hesitate to contact me.

Yours very truly,



Michael Buonaguro
Counsel for UCG
CC: all parties