

**IN THE MATTER OF
the *Public Utilities Act*
Revised Statutes of Yukon, 2002, c.186, as amended**

and

**an Application by Yukon Energy Corporation for
an Energy Project Certificate and an Energy Operation Certificate
regarding the Proposed Mayo Hydro Enhancement Project (Mayo B)**

BEFORE: R. Laking, Acting Chair) January 28, 2010
 K. Avery)
 R. Hancock)
 J. Woodland)

BOARD ORDER 2010-1

WHEREAS:

A. On December 18, 2009, the Minister of Justice required that the Yukon Utilities Board (YUB or the Board) carry out a review and hold a hearing on Yukon Energy Corporation's (YEC) Mayo Hydro Enhancement Project (Mayo B) per Part 3 of the *Public Utilities Act* (Energy Project Certificate and Energy Operation Certificate Application). The Minister of Justice's letter is in relation to an application submitted by YEC on December 11, 2009 under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding Mayo B.

B. The proposed Mayo Hydro Enhancement Project (Mayo B) was identified as one of the hydro enhancement options to be considered regarding grid-related industrial load growth if the Carmacks-Stewart Transmission Project (CSTP) was completed. Current schedules indicate that the full CSTP connecting the Whitehorse-Aishihik-Faro and Mayo Dawson grids will be in service by the end of 2010 or early 2011. Since completion of YEC's 20 Year Resource Plan, grid-related industrial load growth is occurring with connection of the Minto mine in 2008, the expected connection in 2010 of the Bellekeno mine, and the ongoing planning to develop and connect the Carmacks Copper mine.

C. Mayo B will enhance YEC's existing Mayo hydroelectric facilities and increase hydro generation capacity installed on the Mayo River from the existing 5MW to as much as 15 MW. Mayo B, as defined in OIC 2009/220, includes construction of a new powerhouse downstream of the existing powerhouse, the construction of related facilities such as a tunnel-penstock-canal system, all weather access road, distribution line, transmission line and temporary construction-related facilities, and related adjustments to the management of water on the Mayo River system downstream of the existing Wareham Dam.

D. Mayo B has been referred to the Yukon Environmental and Socio-Economic Assessment Board (YESAB) in a proposal submitted in February of 2009 under the *Yukon Environmental and Socio-economic Assessment Act* (Canada).

E. Mayo B has been designated, in OIC 2009/220 as a regulated project under Part 3 of the *Public Utilities Act* pursuant to section 36 of that *Act*.

F. Mayo B will receive up to 53.3 million dollars from the Government of Canada as part of the Canada-Yukon Energy Corporation Green Infrastructure Fund: Agreement for the Yukon Green Energy Legacy Project 2009-10/2011-12 (“Federal Agreement”).

G. YEC has identified that it may be advantageous to use water from Mayo Lake in an amount greater than is presently authorized to supply Mayo B facilities. This use would be an approximate 1 metre additional drawdown from the lake.

H. On December 18, 2009, the Minister of Justice of the Government of Yukon directed the Board to review the application for the certificates and conduct an oral hearing as part of the review. The Board is to provide a report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether Mayo B should proceed as proposed by YEC. Specifically the Board is to report on and make recommendations about the necessity for Mayo B and its timing and design with regard to:

- a. The public need for Mayo B under various reasonable electric load forecasts, including near term requirements related to the Minto (Capstone Mining Corporation), Bellekeno (Alexco Resource Corporation) and Carmacks Copper (Western Copper Corporation) mines and to any other potential major industrial customers, and the effect of the project on the rates of customers;
- b. The capability of existing and currently committed new transmission and generation facilities to provide reliable electric power generation to meet the forecast load requirements, taking into account the new planning criteria as proposed by YEC and recommended by the YUB. In particular, the YUB shall report on:
 - i. The implications of approving Mayo B prior to the environmental and socio-economic assessment and regulatory approval of the Mayo Lake Drawdown (including how, if at all, Mayo B’s expected impact on YEC and its customers differs according to whether the Mayo Lake Drawdown is permitted or not);
 - ii. The relationship between Mayo B and CSTP Stage 2 completion;
 - iii. The effect the completion of Mayo B is expected to have on the ongoing use of diesel generation at various locations under various reasonable electric load forecasts; and
 - iv. Other implications of Mayo B to the system reliability, customer rates and economic growth in the Yukon.
- c. The risks facing Mayo B and their potential impacts on rates for customers, including, but not limited to, the risks arising from:
 - i. changes to general economic, market or financial conditions;
 - ii. any mitigation measures and/or modifications to project design or schedule required by the environmental and socio-economic assessment and regulatory approvals;
 - iii. the timelines, and other conditions, contained in the federal Agreement;
 - iv. load forecasts, both industrial and residential, not being realized;
 - v. unanticipated cost overruns or project financing capability; and
 - vi. the possibility that the Mayo Lake Drawdown does not proceed.
- d. What, if any, alternatives to Mayo B might be advisable given reasonable load assumptions and risk assessments. In particular, the YUB shall report on:
 - i. possible alternative configurations for timing and structure of the Mayo B as proposed by YEC; and
 - ii. whether it is prudent to build Mayo B at this time.

- e. The Board shall provide a recommendation on whether YEC should be granted an energy project certificate and an energy operation certificate for Mayo B and whether the certificates should be subject to any terms and conditions and what these terms and conditions should be, and the Board may make any other recommendations or provide any other information that it considers advisable in the circumstances.

NOW THEREFORE the Board orders as follows:

1. A Hearing into the Application will be held in Whitehorse, Yukon. The time, date and location of this Hearing will be determined later.
2. Parties seeking Intervenor status are to provide the following information to the Board by February 8, 2010:
 - i. issues the party intends to pursue;
 - ii. whether the party intends to hire legal counsel and/or consultants and, if so:
 - the qualifications of each professional
 - the retainer letter for each professional
 - a description of why each professional is required; and
 - iii. whether the party intends to file evidence and, if so, on what issues.
3. YEC will arrange for publication in display-ad format, not later than February 3, 2010, of a Notice of Hearing, as per attached copy, in such appropriate local news publications in the service area of the Company so as to provide adequate notice to the public.

The Board will notify Intervenor Applicants of their status in this proceeding by February 12, 2010.

DATED at the City of Whitehorse, in the Yukon Territory, the 28th day of January, 2010.

BY ORDER



Robert Laking
Acting Chair

**YUKON UTILITIES BOARD
NOTICE OF HEARING**

Hearing

An oral public hearing is being scheduled and will be held in Whitehorse, Yukon. The time, date and location of this Hearing will be determined later.

The Acting Board Chair for review of this application is Robert Laking.

Summary of Application

On December 11, 2009, the Yukon Energy Corporation (YEC) applied under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the proposed Mayo Hydro Enhancement Project (Mayo B). On December 18, 2009, the Minister of Justice referred the YEC application for an energy project certificate and an energy operation certificate to the Board for a review and hearing.

Schedule of Proceeding

The Board is establishing a schedule for this proceeding. The Board will not distribute an issues list for this proceeding as the issues for consideration in the proceeding are set out in the December 18, 2009, directions from the Minister of Justice.

Action

Applications for Intervenor status
Intervenor applicants notified of status
Information Requests to YEC
Information Responses from YEC
Oral Public Hearing including oral argument and reply

Due Date (2010)

February 8
February 12
tbd
tbd
tbd

Public Inspection of the Application

The Application and supporting documents are available for inspection at the following locations:

Yukon Energy Corporation

Head Office: Whitehorse Hydro Dam
Robert Service Way

District Offices: Mayo, Yukon
Faro, Yukon
Dawson City, Yukon

All Public Libraries in Yukon communities

A copy of the Application and supporting documents are also available for inspection at the office of the Yukon Utilities Board at 19-1114 First Avenue, Whitehorse, Yukon.

A copy of the Application and supporting documents are posted on the Yukon Utilities Board's website at http://www.yukonutilitiesboard.yk.ca/proceedings/mayo_b_application/.

Public Submissions

A meeting is planned to provide an opportunity for the public to make submissions to the Board. This meeting will be held on the evening of one of the Hearing days and the scheduling will be determined later.

Clarification

Persons intending to participate, and who are uncertain as to the manner in which to proceed, may contact Ms. Sheena Smart, Executive Secretary of the Yukon Utilities Board, by telephone at 867-667-5058 or in writing at Box 31728, Whitehorse, Yukon, Y1A 6L3, by e-mail to yub@northwestel.net or by fax at 867-667-5059.