

**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 review of its 20-Year Resource Plan: 2006-2025**

BEFORE: W. Shanks, Acting Chair) November 3, 2006
 B. Morris)
 R. Hancock)
 M. Phillips)

BOARD ORDER 2006-10

WHEREAS:

- A. On June 1, 2006, Yukon Energy Corporation (YEC, or the Company) filed an application with the Yukon Utilities Board (the Board) to review its 20-Year Resource Plan: 2006-2025 (Resource Plan) to address Yukon's major electrical generation and transmission needs;
- B. The Resource Plan sets out YEC's expected near-term and longer-term requirements. Four near-term projects are proposed in the Resource Plan. Four alternatives, based on various scenarios to meet the needs of industrial customers, are set out to meet longer-term requirements. Certain near-term planning activities are proposed to protect longer-term options to address new load requirements;
- C. On June 5, 2006, the Minister of Justice of the Government of Yukon requested the Board to review and hold a hearing on the Resource Plan. The Board is to forward its report on its findings to the Commissioner in Executive Council, and make the report public, by October 31, 2006 (this date was extended to January 15, 2007 by letter dated August 29, 2006). Specifically, the Minister of Justice requested the Board review the proposals in the Resource Plan with emphasis on:
- i) those projects related to the Resource Plan which require commitments by YEC before the year 2009 for major investments with anticipated costs of \$3 million or more for feasibility assessment and engineering, environmental licensing, or construction; and
 - ii) planning activities related to the Resource Plan which YEC may be required to carry out in order to commence construction on other projects before the year 2016 to meet the needs of potential major industrial customers or other major potential developments in Yukon.

Further specifics regarding the scope of the review requested are stated in the June 5, 2006, letter from the Minister of Justice; and

- D. In Board Order 2006-5, the Board established a procedural schedule for this proceeding. In Board Orders 2006-6 and 2006-7, the Board revised its procedural schedule.
- E. On October 30, 2006 the Board received a letter from counsel for the Utilities Consumer Group (UCG) requesting the Board direct further and better responses from YEC to certain Information Requests posed by UCG;
- F. On November 1, 2006, the Board received YEC's response to the request from UCG;
- G. The Board has reviewed the submissions and made a determination on the request by UCG.

NOW THEREFORE the Board orders as follows:

1. In response to UCG-YEC-2-38, YEC is to provide an update on its reassessment of the Marsh Lake Fall/Winter Storage Project by November 9, 2006.

DATED at the City of Whitehorse, in the Yukon Territory, the 6th day of November, 2006.

BY ORDER



Wendy Shanks
Acting Chair

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Reasons for Decision

1.0 Background

On October 30, 2006 the Board received a letter from counsel for the Utilities Consumer Group (UCG) requesting the Board direct further and better responses from YEC to certain Information Requests posed by UCG. The Board received YEC's response to the request from UCG on November 1, 2006, and a reply from UCG on November 3, 2006. The Board will address each request from UCG.

1.1 UCG-YEC-2-1

As part of the response to UCG-YEC-2-1, YEC provided excerpt from the YEC and YECL response to matters raised in the December 7, 1992 Report to the Commissioner in Executive Council by the Yukon Utilities Board concerning the Review of the Capital Resource Plans of Yukon Energy and Yukon Electrical. UCG submitted this was not relevant and should be removed from the record. Alternatively, UCG suggested the entire response be filed in this proceeding.

The Board considers that the document provided by YEC is relevant to this proceeding and therefore will not grant UCG's request to have it removed from the record. Further, the Board is satisfied that the portion of the full report provided by YEC is sufficient and will not require YEC to file the full report. In this regard, the Board accepts YEC's submission that the document provided is the only relevant information to be included; absent any specific document identified by UCG for consideration by Board as to its inclusion, the Board is satisfied that the response to UCG-YEC-2-1 is adequate.

1.2 UCG-YEC-2-19

In UCG-YEC-2-19, YEC was requested to provide details of the agreements or assurances that will be put in place for any new industrial customer proposing to come on line. UCG considered YEC's response to be non-responsive and requests that specifics of these agreements and assurances be filed. YEC indicated it has filed the available information. Once a Purchase Power Agreement is in place, YEC stated it will file such agreement.

The Board is satisfied with the response provide and level of detail provided by YEC. Any Purchase Power Agreements are to be filed with the YUB once completed. UCG also asked the Board to consider how it will take into account any agreement that are not filed in advance of the hearing when such agreement are relevant to the proceeding. For the purpose of the Board's report on the Resource Plan, the Board will only be able to consider that information that is filed within the scope and time of this proceeding.

1.3 UCG-YEC-2-20

UCG-YEC-2-20 requested YEC to explain how the Resource Plan will move non-industrial customer class rates towards the revenue-to-cost ratio goal of 90-100% without affecting rate stabilization. UCG considered that YEC's response did not answer the question about the impact on stability of rates in general. In YEC submission, it provided additional information in response to UCG's request.

The Board has reviewed the additional information provided by YEC in its submission and is satisfied that YEC has provided an adequate response to UCG-YEC-2-20.

1.4 UCG-YEC-2-24

In UCG-YEC-2-24, YEC was requested to provide details of consultations YEC conducted with other utilities and stakeholders. UCG considered that YEC's response did not provide specific details regarding the extensive consultation YEC alleged to have undertaken. In YEC's submission, it referred to evidence it already provided regarding the consultations, and in addition identified some parties it held meetings with. YEC indicated that it had not compiled specific records of all discussions and meetings it held regarding the Resource Plan.

The Board has reviewed the responses provided by YEC and at this time is satisfied with the detail provided by YEC with respect to the consultations that it had undertaken in development of the Resource Plan.

1.5 UCG-YEC-2-26

UCG requested YEC provide a breakdown of all YEC costs associated with the YUB regulator process to this point, and an estimate of costs for the entire process. In response to UCG-YEC-2-26, YEC provided the costs to date, but indicated it did not have a detailed forecast of costs for the entire process. UCG requested that YEC provide additional details regarding these costs.

The Board notes that all costs for the proceeding will be reviewed by the Board following the close of the proceeding, at which time parties will also have the opportunity to comment on YEC's costs. Therefore, the Board does not consider it necessary for YEC to provide further details on costs for the proceeding at this is not an issue for the hearing.

1.6 UCG-YEC-2-38

In UCG-YEC-2-38, YEC indicated that due to continuing work on the Marsh Lake Fall/Winter Storage Project and meetings with Marsh Lake residents, it was reassessing the ability to proceed with the project. UCG requested YEC provide an update on this matter immediately given the start date for the hearing. YEC indicated it is working to provide an update as far in advance of the hearing as possible.

The Board considers this information relevant and expects YEC to provide this update as soon as possible, but in any event, no later than November 9, 2006. Parties will have the opportunity to question YEC on this information during the hearing.

1.7 UCG-YEC-2-44

In UCG-YEC-2-44, the UCG asked for information about contributions to YEC from the Yukon Territorial Government and Yukon Development Corporation in 2004, 2005 and 2006. YEC provided information in the response regarding contributions related to the Carmacks-Stewart Transmission Line. UCG requested a further response related to contributions for any project. YEC responded indicated that it had provided information related to all contributions received.

The Board has reviewed YEC's response and is satisfied that it is adequately addressed the request from UCG.