

Mayo B / Carmacks-Stewart Transmission Project Stage 2



March 2010

Your Needs Power What We Do

Yukon Energy is planning for the territory's future electricity needs, and we're committed to meeting the growing demand for power using clean energy that complements our existing hydro system. We feel it is our obligation to ensure, as much as possible, that the power we produce is from renewable sources. We believe that Northerners have a collective interest in keeping the environment clean.

To this end, Yukon Energy is looking at all possible sources of renewable energy, including geo-thermal, wind, and the enhancement of our existing hydro assets. The Mayo Hydro Enhancement Project (Mayo B) and the Carmacks-Stewart Transmission Project Stage 2 are two initiatives that, if all goes as planned, will come into service at just the time new hydro is needed to reduce the use of costly diesel.

Mayo B, if approved, will increase the ability to generate renewable power from five megawatts to approximately 15 megawatts without the need for a new dam. The project will offset greenhouse gas emissions by approximately 25,000 tonnes a year.

Carmacks-Stewart Stage 2 will connect Yukon's two established hydro-based transmission grids and allow us to manage our assets as one inter-connected system. With Stage 2 in service, customers throughout the integrated Yukon grid can be served with clean, renewable power.



Prime Minister Stephen Harper, along with Yukon Premier Dennis Fentie and Yukon Energy's David Morrison, visited Mayo last fall to confirm federal funding for Mayo B.



Who Pays?

The total estimated cost of Mayo B and the Carmacks-Stewart Transmission Project Stage 2 is \$160 million. The federal government has promised to pay up to \$71 million of that amount as part of its Green Infrastructure Fund. The Yukon Development Corporation and the Yukon government will contribute \$52.5 million and electrical customers will provide the remaining \$36.5 million. However because of the government contributions, and because the cost of the projects can be spread out over 50 years or more, these initiatives will not result in an increase in electricity bills. In fact, they will save customers money since they will reduce the need to use expensive diesel to generate electricity.

Timing

In keeping with the funding agreement with the federal government, both Carmacks-Stewart Stage 2 and Mayo B must be finished no later than March 31, 2012. In fact Yukon Energy is aiming to have both projects finished earlier than that. The planned completion date for the Carmacks-Stewart Transmission Project is early 2011, and for Mayo B it is late 2011.

Mayo B Construction Contract

Yukon Energy has awarded the construction contract for the Mayo B project to Peter Kiewit Sons. We initially hired Kiewit almost a year ago through a competitive bid process to be involved in the planning and design of Mayo B. Since then, Kiewit's input and expertise has proven to be invaluable to the advancement of the project.

Kiewit will not begin actual construction until Yukon Energy has all necessary permits and permissions, including an Energy Project Certificate and a Land Use permit. We hope to have these in hand by June 1.

In the meantime, Kiewit will do planning and engineering, begin the hiring process for sub-contractors, and set up the work camp near the Mayo B construction site. It is important that we be ready to start construction as soon as we get our permits and permissions. If we are to receive federal funding for this project, it must be finished no later than March 31, 2012. Without the federal contribution this project will not proceed, and we will be forced to burn more diesel, resulting in higher electricity costs for Yukoners and increased GHG emissions.

What YESAB Said

Yukon Energy submitted the Mayo B project proposal to the Yukon Environmental and Socio-economic Assessment Board (YESAB) in February 2009. The Board has now completed its draft screening report and it has gone out to the public for comment until April 12. Once it has gathered these comments it will prepare a final report which will go to the Decision Bodies for approval. That is expected to happen by late April or early May.

In its draft report, YESAB gave its general support for the project (subject to certain conditions) and for Yukon Energy's proposed measures for protecting fish and fish habitat, wildlife and wildlife habitat, environmental quality, heritage resources, and the local community.

For the full report go to www.yesab.ca.



Yukon Energy President David Morrison and Kiewit's Senior Vice-President Greg Dixon sign the Mayo B construction contract.

Job Opportunities

Yukon Energy and Kiewit are working with the First Nation of Na-Cho Nyak Dun and the community of Mayo to plan for local employment and business opportunities during the construction of Mayo B. As well, Yukon Energy and the First Nation of Na-Cho Nyak Dun are expected to sign a Project Benefits Agreement very soon. The agreement will give the First Nation an investment in Mayo B and it will ensure employment opportunities for qualified Na-Cho Nyak Dun citizens.

Non-First Nations Yukoners are also encouraged to apply for the up to 120 anticipated jobs. Kiewit will be looking for carpenters, welders, welders' assistants, mechanics, heavy equipment operators, survey helpers and labourers.

Kiewit is in the process of recruiting a Na-Cho Nyak Dun Liaison Officer to coordinate the hiring process and be a local contact. In the meantime, resumes can be faxed to (780) 447-3202 Attention Susie MAYO B employment, or they can be emailed to Susie.McCarthy@kiewit.com. Please put MAYO B employment in the subject title.

See related story "Getting the Skills You Need" on page 4 of this newsletter.

YUB Review of Mayo B

Another of the processes that must take place before Yukon Energy can proceed with construction of Mayo B is that we must receive an Energy Project Certificate from the Yukon Minister of Justice. Before the Minister can issue the certificate, the Mayo B project must be reviewed by our regulator, the Yukon Utilities Board (YUB).

The YUB has scheduled oral hearings on the project from April 6 to 9 in Whitehorse. It will then provide a report with recommendations to the Justice Minister. The certificate can only be issued after approval of YESAB's final report.



*Surveying work on the Carmacks-Stewart line.
Photo: www.archbould.com*

Carmacks-Stewart Stage 2

Construction work has started on Stage 2 of Yukon Energy's Carmacks-Stewart transmission line. Valard Construction started assembling and installing the poles for the transmission line in March. The stringing of the line will begin in the summer, with completion expected by this fall.

Valard, in partnership with the Northern Tutchone First Nations, is the same company that built the transmission line for Stage 1 that runs from Carmacks to Pelly Crossing. Valard has again partnered with the Northern Tutchone First Nations to complete Stage 2, from Pelly to Stewart Crossing. The contract is worth \$11-million.

The flagging of the right of way, done by Challenger Geomatics, took place in late 2009. Economic spin-offs from this work include the salaries of two Yukoners, the rental for several weeks of a house from the Selkirk Development Corporation, groceries, and gas.

The clearing was finished in early February. The \$1.6 million clearing contract was awarded to Pelly Construction Ltd. on behalf of the Northern Tutchone Joint Venture Partnership (Pelly Construction Ltd., Na-Cho Nyak Dun Development Corporation, Selkirk Development Corporation, and Carmacks Development Corporation). All subcontracted companies were Yukon-based, employing between 12 and 15 Yukoners and 99 percent of the revenues from the clearing project stayed in the territory.

The Carmacks-Stewart Transmission Project involves three main components:

A new transmission line between Pelly Crossing and Stewart Crossing;

A major new substation at Stewart Crossing to allow for the joining of the two grids (contract work to be tendered in April);

Modifications to the existing Minto Landing substation and a new substation built at Pelly Crossing (relatively minor work involved).

Safety Notes From the Field

Good Job!

The clearing work for Stage 2 of the Carmacks-Stewart Transmission Project was done under often challenging terrain and inclement weather conditions. Nonetheless, it was completed without a single medical aid or loss time incident. That's a testament to local skills and safe work practices. Yukon Energy would like to thank and congratulate all those involved. At Yukon Energy, safety has to be part of every decision we make and every action we take.

Caution

For safety reasons, we are asking Yukoners to stay away from the active building zone while the Carmacks-Stewart line construction is taking place. If you must cross the right of way area, please do so carefully and without lingering at the site. If you need to be in the worksite area for longer than that, you must wear safety clothing and prearrange access with the on-site project manager.

Contact information for the project manager is posted at worksite access points along the Klondike Highway, or can be obtained by contacting Yukon Energy.

Getting the Skills You Need

Yukon Energy is very supportive of the work being done at the Mayo campus of Yukon College. The college is offering a number of courses that may improve your chances of getting work on the Mayo B project.

The courses include, among others, Food Safe 1, Industrial Safety, Standard First Aid/ CPR, Wilderness/Remote First Aid, Workplace Hazardous Materials Information System (WHMIS), Chainsaw Safety and Confined Space Entry.

For more information, contact John Reid at the Mayo campus office (996.8800) or jreid@yukoncollege.yk.ca.



Transporting power poles to the Carmacks-Stewart line construction site. Photo: Yukon Energy



Clearing to make way for the transmission line. Photo: www.archbould.com

Comments? Questions?

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