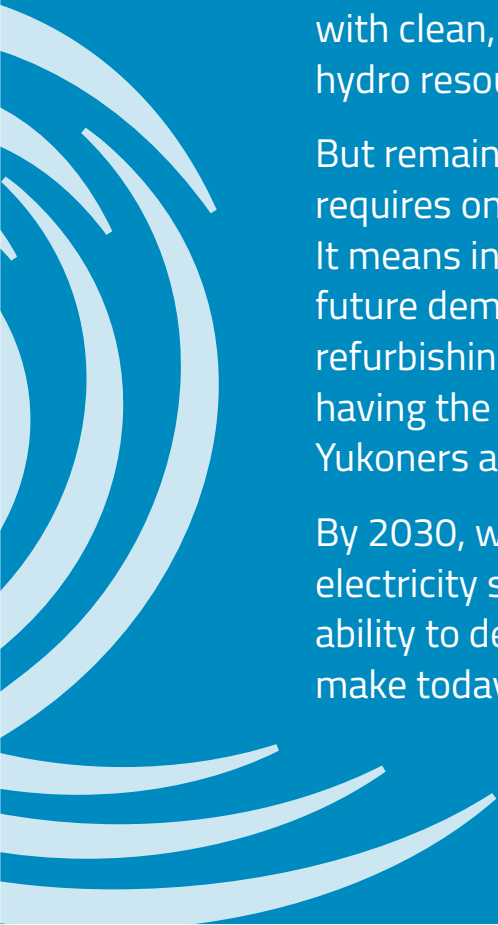




Our 2021 General Rate Application

Investing in Yukon's energy future.
Minimizing the impact on Yukoners.





At Yukon Energy, it's our job to generate and deliver electricity to the majority of communities in Yukon. Our electricity system is one of the greenest in Canada, supplying Yukoners with clean, renewable electricity that comes primarily from hydro resources.

But remaining a Canadian leader in sustainable electricity requires ongoing investments in our electricity system. It means investing in new renewable projects to meet future demands for clean energy, while also replacing and refurbishing the aging assets we already have. It also means having the resources in place to deliver reliable electricity to Yukoners as new projects are built.

By 2030, we envision a renewable, reliable and affordable electricity system that is, on average, 97% renewable. Our ability to deliver on that begins with the investments we make today.

What is our 2021 General Rate Application?

We have filed an application with our regulator, the Yukon Utilities Board (YUB), for a rate increase in 2021. The increase is needed to pay for more than \$55 million in investments we expect to make in Yukon's electricity system between 2019 and 2021, and the cost increases we've seen in our day-to-day business over the same period of time.

We're asking for an 11.5% rate increase in 2021. This equates to 3.8% a year between 2019 and 2021.

Our application also outlines a way for the rate increase to have a nearly zero impact on Yukoners' electricity bills.

If approved by the YUB, by the end of 2021, the net impact of the rate increase to average monthly electricity bills would be:

- about a 70¢ increase to residential bills
- about a \$2 decrease to commercial bills

How can this rate increase have such little impact on Yukoners' bills?

Our proposal, subject to support from the YUB, is to wait until July 1, 2021 to initiate the first phase of the increase. July 1 is when Rider F (the fuel rider) that is currently on monthly electricity bills is expected to be reduced to zero.

We're then asking for the second phase of the increase to happen on December 1, 2021, when our 2017/18 True-up rider is planned to come off bills.

One thing to note. The YUB must first review and approve all rate changes before they are applied to customer bills. Electricity rates are not changing at this time and, when they do, will be based on YUB approvals.

Why are you asking for a rate increase during COVID?

Our Board of Directors recognizes that paying more for electricity can be hard from some Yukoners, especially during the COVID pandemic. That's why we've worked hard to find a way for the rate increase to have little impact on electricity bills.

What our 2021 General Rate Application is proposing is a way for us to make the investments we need to replace aging assets and meet growing demands for electricity, while providing some bill stability for Yukoners, especially those on a fixed income.

Why do Yukoners have to pay to build and maintain the grid?

We're a regulated utility. As such, Yukoners who use electricity pay what it costs us to make and deliver it. This includes all costs for planning, building, operating and maintaining Yukon's electricity generation and transmission system, and the distribution assets in the communities we directly serve. As costs and system investments go up, so too must electricity rates.

Where is the money going?

REPLACING AND UPGRADING AGING EQUIPMENT

From 2019 through 2021, we will have spent more than \$28 million to replace and refurbish assets that are at or near end-of-life.

Examples include: our share of the Mayo to McQuesten Transmission Line Replacement Project; replacing one of the head gates and repairing two of the four penstocks at the Whitehorse hydro dam; refurbishing old transmission lines; and implementing a new asset management system.

MEETING GROWING DEMANDS FOR POWER

Between 2018 and 2020, peak demands for electricity grew by 17%. We expect them to rise by another 40% by 2030 as Yukon grows and electricity is used more frequently for heating and transportation.

From 2019 through 2021, we will have spent more than \$27 million planning and building the new supply projects needed to meet that peak demand with reliable sources of electricity.

Examples include: upgrading our Whitehorse Hydro #2 and Whitehorse Hydro #4 units to add capacity and generate more renewable electricity with the same amount of water; the addition of the third liquefied natural gas unit in Whitehorse; and installing the equipment needed to allow for the installation of rental diesels in Whitehorse and Faro.

RUNNING OUR DAY-TO-DAY BUSINESS

Like other businesses, we've seen a steady rise in day-to-day costs of labour, materials and supplies. Increases in fuel prices alone account for 20% of additional costs we expect to incur between 2019 and 2021. Renting diesel generators each winter to protect Yukoners from prolonged power outages in case one of our large hydro units or transmission lines break has also contributed to higher annual operating costs.

What have we done to reduce pressure on rates?

We never lose sight that at the end of the day all costs we incur are passed on to Yukoners in the form of electricity rates. That's why we're always looking for opportunities to obtain government funding for the projects we undertake to minimize costs passed on to you. In 2019, we were successful in getting nearly \$40 million in funding from the Government of Canada for our Peak Smart program, the Mayo to McQuesten Transmission Line Replacement Project, and our new grid-scale battery.

How do our rates compare to other jurisdictions?

Even with our proposed rate increase, electricity rates in Yukon remain the lowest in the North.

Will rates increase again in the future?

Yes. Yukon Energy and Yukoners will need to help pay for the renewable electricity future we all want and that is needed to reduce carbon emissions in the territory. With more than \$500 million in investments needed over the next 10 years, our priority remains building partnerships and obtaining government funding to help keep rates affordable.

What can I do to pay less on my bill each month?

The best way for Yukoners to reduce their electricity bill is to reduce the amount of electricity they use. Visit **inchargeyukon.ca** for ideas.

How can I learn more or be involved?

You can view our rate application and register as an intervenor or interested party at **yukonutilitiesboard.yk.ca**. We'll be hosting a public information session about our 2021 General Rate Application in early 2021. Visit **yukonenergy.ca** and follow us on Facebook and Twitter to find out the meeting date once it's set.

