

Yukon's position is that existing assets will not be sold to get to 50/50. ATCO will get to 50/50 through funding 100% of new investment needed in 50/50 Assets.

ATCO's position is that it would like to get to 50/50 by purchasing existing assets.

2. What types of assets are 50/50 Assets?

Yukon's position is that only wires assets will initially be 50/50 Assets. Yukon has not considered the full extent of wires assets that will be included in 50/50 Assets, in particular with respect to certain transmission assets (see 3 below). On major new transmission or generation investments, Yukon's position is that ATCO investment, if any, will be on a case-by-case basis. Yukon's position is that existing generation, buildings and land are not included in the 50/50 Assets.

ATCO's position is that 50/50 Assets are all existing distribution and transmission assets, and that ATCO has an option to invest up to 50% in all new distribution assets and the portion of all new transmission and generation assets that is included in rate base.¹ ATCO includes the Phase 2 of the Carmacks-Stewart line and Mayo B as investments that it has an option to participate in. ATCO suggests that all new buildings and land be included in 50/50 Assets.

[NTD – ATCO appears to have two concerns here: one that some other private-sector investor will have the opportunity to jointly invest in major projects both now and in the future (the example used was TransAlta); and, two, that ATCO be able to participate in proposed near term projects such as Phase 2 of CSTP and Mayo B.]

3. Mechanism for determining 50/50 asset ownership.

[NTD – a concern with including Yukon's transmission assets in the 50/50 Assets is that some of the transmission assets have benefitted from contributions, in particular large government contributions. The result, for example, is that if a project cost \$40 million but only \$10 million was put into rate base, then if ATCO paid for the 50% of the amount put into rate base, it could own 50% of a \$40 million facility having made a \$5 million investment. Yukon stated that such a result is not satisfactory. Discussions on May 12th focussed on an alternative where ATCO would pay 50% of the amount put into rate base but its ownership of the asset would only be 50% of the share that the aggregate of the amount put into rate base and any customer contribution bears to the total investment. Under this proposal, if rate base and customer contributions equal 30% of the total capital cost, ATCO would invest 50% of the rate base portion to own 15% of the asset. Customer contributions would be treated in the same manner for investment in distribution assets.]

Yukon's position is that ownership of assets that receive government contributions must recognize the source of funds. If a 50/50 Asset receives contributions from government(s) and ATCO invests in

¹ ATCO is interested in exploring funding for the portion of transmission and generation investments that are not included in rate base. ATCO related that in an April telephone call between the Premier and Nancy Southern, the Premier asked ATCO to consider making Whitehorse a northern base for a wider set of investments, and they discussed water infrastructure, waste management and specific forms of housing. At the May 12th meeting, all these matters were set aside from the present discussions, but Shirley undertook to determine contacts within the government departments that would be responsible for those functions.