

- (b) An operating cost disallowance by the regulator would flow equally to the owners of OPCO.
- (c) If an operating cost that was not forecast was incurred during a test period and was not covered by a deferral account; for example, some type of environmental clean up costs, OPCO would use all reasonable means to mitigate the allocation of that cost to its owners. These include pursuing recovery from customers and insurance claims. Should those not be sufficient, the residual cost would be shared equally by OPCO's owners. This cost treatment may need further review for future remediation costs of legacy assets that were 100% owned and operated by one party prior to OPCO.

8. Franchises and Rights-of-Way

Existing franchises, which may require clarification, and rights-of-way would not be transferred to OPCO, but OPCO would act as agent for the existing holder of those instruments.

Yukon has no position yet with respect to new franchises, if any, and new rights-of-way.

ATCO's position with respect to new franchises, if any, and new rights-of-way is that they should be held by OPCO.

Issue – Governance

1. Number of members of Board of Directors

Joint position – 4 directors appointed by Yukon and 4 by ATCO.

Yukon's position is that a 9th director be appointed Chair, with Yukon and ATCO working together to jointly select the Chair. Failure to agree on the Chair results in Yukon selecting the Chair. ATCO may provide a list of candidates for Chair, but Yukon is not restricted to selecting the Chair from that list.

ATCO's position is that it will agree to selection of Chair as described under Yukon's position but wants the Chair to be one of Yukon's 4 directors. The result would be 8 members of the Board. A tie vote would defeat a motion.

[NTD – Yukon and ATCO recognize that Chair may not always have the deciding vote. Sufficient directors could vote together to approve a measure the Chair opposes.]

2. Qualifications of Directors

Joint Position – qualifications of directors would be stated.

Yukon's position is that the Chair must be a Yukon resident.

ATCO's position is that the Chair does not have to be a Yukon resident.

3. First Nations representation on OPCO's Board of Directors