Qulliq Energy Corporation

Corporate Plan 2014-2018

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1.0 Introduction

Qulliq Energy Corporation (QEC) is a Territorial Corporation wholly owned by the Government of Nunavut (GN). The Corporation was originally established in 2001 as the Nunavut Power Corporation (NPC) under the *Nunavut Power Utilities Act*, and subsequently renamed Qulliq Energy Corporation in 2003. The *Nunavut Power Utilities Act* was also renamed the *Qulliq Energy Corporation Act* as the result of legislation passed in March of 2003, which broadened the Corporation's mandate to respond to a range of energy use and conservation issues within Nunavut.

QEC generates and distributes electrical energy to Nunavummiut through the operation of twenty-six diesel generation plants in twenty-five communities, provides mechanical, electrical and line maintenance from three regional centres, and administers billings and the Corporation's human resource and financial activities from offices in Baker Lake.

QEC attends to the overall objectives provided by legislation, supports the Minister responsible for Qulliq Energy Corporation on intergovernmental and regulatory issues, has the mandate to manage the capital projects of the Corporation, and respond to issues of alternative generation sources.

1.1 Vision

The Corporation's vision is to provide to the communities of Nunavut a safe, reliable, sustainable and economical energy supply and service. The foundation of our vision is an empowered and accountable workforce, representative of Nunavut's population, and reflective of Inuit societal values. We operate as an enterprise with transparency, accountability and integrity.

1.2 Mission

The Corporation's Mission Statement is as follows:

> ***QEC provides safe, reliable and efficient electricity and plans long term affordable energy for Nunavummiut.***

1.3 Values

The Values included within the Mission Statement are:

Safety is and will continue to be the Corporation's first priority. This fact is communicated to and reflected in policies and procedures for the Corporation's employees clearly and consistently.

Reliability is second only to safety. The focus of the Corporation's day-to-day operations is the provision of safe and reliable service to customers.

Efficiency is applicable to all of the Corporation's operational and administrative activities. Efficiency indicates QEC's intention to respect the investment in the Corporation made by Nunavummiut, and to use resources with clear attention to reasonableness and value.

1.4 Corporate Objectives and QEC's Commitment to Nunavummiut

The vision, mission, and values of Qulliq Energy stem from the corporate objectives, as prescribed in section 5 of the *Qulliq Energy Corporation Act* are:

(a) to generate, transform, transmit, distribute, deliver, sell and supply energy on a safe, economic, efficient and reliable basis;
(b) to plan and provide for Nunavut's long term needs for affordable energy, taking into consideration Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources;
(c) to purchase, store, process, distribute, deliver, sell and supply petroleum products and other fuels;
(d) to undertake programs to maximize efficiency of fuel and other energy consumption and to provide advice and information to consumers to enable fuel and energy conservation;
(e) subject to the *Utility Rates Review Council Act*, to set rates and tariffs for energy and services supplied by the Corporation and its subsidiaries; and
(f) to undertake any other activity directed or authorized by order of the Commissioner in Executive Council.

The 4th Assembly's Mandate *Sivumut Abluqta: Stepping Forward Together* has four key priorities, of which one is self-reliance and optimism through education and training. In this regard, QEC will continue to support Inuit employment and training.

The Guiding Principles that will facilitate the GN and QEC to meeting their visions are the same Inuit societal values that have led Nunavummiut and will continue to guide the GN and QEC into the future:

Inuuqatigiitsiarniq:	respecting others, relationships and caring for people.
Tunnganarniq:	fostering good spirit by being open, welcoming and inclusive.
Pijitsirniq:	serving and providing for family and/or community.
Aajiiqatigiinniq:	decision making through discussion and consensus.
Pilimmaksarniq/Pijariuqsarniq:	development of skills through observation, mentoring, practice, and effort.
Piliriqatigiinniq/Ikajuqtigiinniq:	working together for a common cause.
Qanuqtuurniq:	being innovative and resourceful.
Avatittinnik Kamatsiarniq:	respect and care for the land, animals and the environment.

The Corporation's objectives include and are consistent with the objectives of the 4th Legislative Assembly of Nunavut. The GN and QEC are committed to:

- Reduced dependency on diesel through heat recovery and distribution systems, and alternative generation planning;
- Environmental protection and monitoring of fuel purchasing, storage and supply;
- Beneficiary apprenticeship and internship employment programs that remove barriers to employment;
- Responses and solutions relating to the recommendations of the Office of the Auditor General and Legislative Assembly Standing Committees;
- Services to the public in Nunavut's official languages;
- Administration of electricity rate subsidy programs for the GN;
- Capital planning to support territorial and municipal infrastructure improvements; and
- Accountability, transparency, integrity, and managing in a fiscally responsible manner.

1.5 Logo

The Corporation's logo, adapted from the previous QEC logo, was unveiled by the Board of Directors in 2011. It was created to keep the Corporation compliant with language legislation passed in the Legislative Assembly of Nunavut, while rebranding QEC for its next 10 years of service. The logo is a symbol that incorporates one of the most traditional of all Inuit tools, the Qulliq, the historic source of light and heat for Inuit.

The symbolism of the qulliq is clear and while subtly different from our previous logo, still keeps its relevance to our Corporation's name. The means of providing heat and light in the 21st century may have changed, but the importance has not diminished.

2.0 Environmental Scan

QEC operates within a broad spectrum of social, political, geographical, environmental and economic conditions specific to the unique challenges of generating and distributing electricity in Nunavut.

2.1 Social

Nunavut is the newest of Canada's territories, with a young and growing population of approximately 35,591 (July 2013) individuals, situated in 25 widely distanced and isolated communities. The largest communities have between two and seven thousand people, while the smallest have just over one hundred. While employed Nunavummiut are typically well remunerated, wage-economy opportunities and economic activity in Nunavut are limited.

QEC operates within the context of an 85% Inuit populace, and the framework built by the *Nunavut Land Claims Agreement*. In particular, the Corporation works to implement Article 23 of the NLCA which requires efforts to create a representative public service.

2.2 Political

The Corporation's sole shareholder is also its largest customer, its largest supplier, its ultimate regulator and the source of consumer subsidy regimes. The GN and the Minister responsible for QEC play a significant role in the Corporation's activities.

The Corporation's Board of Directors is appointed by the Minister responsible and QEC must submit applications for rate changes to the Minister responsible, who may then seek the advice of the Utility Rates Review Council (URRC).

The URRC is created by an act of the same name. Its purpose is to make rate recommendations to the responsible Minister, which could be the Minister responsible for the URRC or the Minister responsible, depending upon the circumstance. The responsible Minister determines whether to implement the regulator's recommendation, the Corporation's request, or may instruct that the process begin again.

Since 2005-2006, the Minister responsible for QEC has provided to the Corporation an annual Letter of Expectation. The purpose of this letter is to help provide the Board of Directors and the President of QEC direction in defining the priorities and desired outcomes of the Corporation while reinforcing the importance of QEC's relationship with the GN.

One of the priorities of the 4th Legislative Assembly is to increase the ability to be self-reliant; for QEC, this would mean changing our reliance on diesel fuel for energy. Therefore, QEC must continue to seek alternatives to diesel fuel for electricity generation, concentrating on renewable energy sources in Nunavut such as hydro, wind and solar power while promoting efficient energy use.

2.3 Rate Regulation Activity

QEC filed a combined Phase I and Phase II General Rate Application (GRA) with the URRC on November 1, 2013 which requested approval of proposed rates effective April 1, 2014. The 2014/15 GRA application included two phases: Phase I - seeking approval of a revenue requirement of $131.159 million and Phase II – rate rebalancing between communities and rate classes.

On November 7, 2013, the GRA was withdrawn with the intention to resubmit after the formation of the 4th Legislative Assembly. Subsequently QEC filed its 2014/15 GRA with the URRC on December 4, 2013.

Since the December 4, 2013 filing of the GRA, a number of events has occurred, which affected the GRA? On December 10, 2013, an Instruction by the Minister responsible for URRC reduced the FSR rider from 5.31 cents/kWh to 3.92 cents/kWh on an interim basis. The impact of this change is a $2.400 million increase in the forecasted revenue shortfall in the 2014/15 Test Year at existing rates as compared to the original GRA filing.

In addition, the fuel price increase effective January 1, 2014, increased the 2014/15 forecasted revenue requirement by $1.820 million. This comprised of $1.816 million from higher fuel expense and $4,000 from higher return on rate base due to a change in working capital requirements related to higher fuel prices.

On January 29, 2014, QEC was directed by an Instruction from the Minister responsible to retract the move to territorial rates and remove Phase II from the 2014/15 GRA and only implemented the Phase I component of the Application by way of an equal percentage across-the-board increase to current rates. Hence, all customers would see the same percentage increase in their current rates.

Following the Instruction from the Minister responsible, the URRC was provided with updated revenue requirement information on February 14, 2014. As a result of new information since the original filing, QEC provided updated revenue requirement information to the URRC on February 21, 2014 to reflect revision of project cost estimates for the Taloyoak and Qikiqtarjuaq plant replacement projects.

On March 7, 2014, QEC provided additional updated revenue requirement information to the URRC to reflect a revised fuel price forecasting approach and removal of GST from the fuel expense calculation.

2.4 Geographic

QEC serves twenty-five locations, all but one located north of 60°. There are no roads linking communities, and there is no shared transmission grid. Nunavut is unique in that it spans three time zones and covers 1.994 million square kilometres of land mass, with a population estimated at 35,591 (July 2013). Supplies and fuel arrive either by boat in the limited Arctic shipping season, or by air when deemed necessary.

Outdoor work continues to be necessary for many QEC employees, even as Arctic winters and darkness create hardships and hazards. QEC delivers electricity to communities under what are arguably the world's harshest environmental conditions.

Using the decentralized model initiated under the GN *Footprints in New Snow* document, the Corporation has regional offices in Rankin Inlet and Cambridge Bay, Corporate Headquarters located in Baker Lake, as well as executive and regional offices in Iqaluit.

2.5 Environmental

QEC operates in some of the most rigorous environmental conditions of any utility in the world. Weather, distance and darkness generate stresses on employees, assets and equipment. Operating standards tend to be set based on general Canadian conditions and resources, and the expectation of a pristine Arctic often raises the bar. Most corporate employees live and work in their home communities across Nunavut, participate in the traditional economy with its dependence on the land and sea, and feel a strong personal commitment to sustainable use.

The original operator at most QEC power plants was the federal crown corporation, the Northern Canada Power Commission (NCPC) that had responsibility for power generation from 1949 to 1988. After that date, operations were managed by Northwest Territories Power Corporation (NTPC). At the time of division in 2001, the two corporations each agreed to manage environmental issues in their respective territories and to work together to obtain accountability from prior operators.

QEC has inventoried its sites for environmental issues, and has two full time staff from the Health, Safety and Environment department engaged in prevention and remediation. The Board has taken a strong interest in site remediation, and through the Minister responsible, is actively seeking the resolution of contamination issues. The Corporation is anticipating that the Federal Government of Canada will take responsibility for remediation of these inherited sites.

In remediating a site in Baker Lake, QEC's Environment team has had success with soil and water remediation techniques that had never before been tested in the Arctic. The unexpected results have fueled the Corporation's interest in ensuring that site remediation projects are completed where applicable.

QEC's Environmental staff will also continue detailed delineation studies at three plant sites to determine the amount, type and concentration levels of any contamination on corporate property, which are precursors to remediation projects.

2.6 Economic

The largest item in QEC's budget is fuel. All fuel is purchased through the Petroleum Products Division (PPD) of the GN Department of Community and Government Services. About half of this is purchased and stored by QEC using PPD as the agent, paying "off the boat" prices or "bulk prices". The other half is purchased from PPD throughout the year at GN-set prices or "nominated prices". The combination of these purchasing methods in each community depends on the existence or

locations of pipelines and the storage capacity of tanks. Fuel prices in Nunavut are dependent on the price of crude oil on world markets and the American versus Canadian foreign exchange rate.

In the longer term, higher or fluctuating fuel prices will make diverse alternatives to diesel generation increasingly viable across Nunavut. Although creating a stressful transition, the long-term diversity of generation and supply will eventually be seen as a positive impact of fuel pressures, both economic and environmental.

The second largest item in QEC's budget is compensation and benefits. This item is also a driver of increased rates and is governed by the collective agreement that gets negotiated on average every three years.

2.7 Load Growth

QEC continues to operate in a time of significant load growth. Across Nunavut, both Federal and GN departments and municipalities are mobilizing to provide improved infrastructure to Nunavummiut. The Corporation is working hard to keep up with load growth with limited resources – financial and personnel wise. The economies of scale, a limited revenue stream from a small customer base, and short shipping and construction windows make it difficult to maintain or expand QEC's infrastructure to meet growing customer demand.

Load growth in each of the respective Nunavut regions has been significant and is forecast to continue into the near future. Load growth for the 20-year period from 1998/99 to 2019/20 is between 2% and 2.5% per year in each of the Regions. Growth within the Qikiqtaaluk Region is being spurred by the 4-5% load growth in Iqaluit.

The GN's Capital Plan to upgrade, expand, or replace infrastructure in communities is a significant driver in load growth. QEC's Senior Management relies upon its relationship with the GN Department of Community and Government Services, and the analysis of the GN's annual Main Estimates, to gather information on the various major projects scheduled over the coming years. In addition to government driven major projects, there are new homes being added in each community along with private enterprise initiatives, which are adding to demand on the generating capacity of each community.

There continues to be exploration and subsequent evaluative activity in the mining sector, which will challenge the ability of the Corporation to respond to resource development activities in communities and to the issues surrounding potential corporate participation. QEC continues to investigate opportunities to participate as the operator in generation activities in the mining sector and may be developing or proposing such operating relationships in the coming years. The Corporation's first priority is supplying electricity to residential and commercial customers. QEC will ensure that any future generation and distribution for industrial customers will have no detrimental effect on the electrical supply to Nunavummiut.

Continuing national dialogue around arctic sovereignty and military activity in Nunavut has the potential to lead to capacity demands and load growth in Nunavut and for QEC. In the past, military activity has been accompanied by financial support in return for capacity enhancement and resulting demand delivery guarantees. The Corporation has provided energy and capacity information to projects contemplating port construction, military training operations and other key infrastructure. These military requirements for energy will be monitored and may eventually be quantified in ways that balance impacts for Nunavummiut and QEC with the needs of sovereignty projects and resulting demand growth.

2.9 Inuit Employment Plan (Article 23)

QEC continues to be one of the most successful Nunavut organizations in hiring, training and retaining beneficiary employees with an Inuit employment rate of 57% (March 2014) and 33% (March 2014) of QEC beneficiary employees enrolled in long term career development plans.

The QEC IEP consists of five programs. Each program is an independent but interconnected recruitment or development opportunity. Each program has been developed in line with our strategy of growing corporate capacity for today and into the future. The overall plan mandate is to move both current Inuit employees and new Inuit hires to planned levels of skill growth and career opportunity. The IEP Strategic Plan, 2014-16 outlines Inuit employment goals deriving from these initiatives.

1) The Inuit Leadership Development Program (ILDP) aims to increasing employment for NLCA beneficiaries at the professional, management, and senior management levels. Most professional and management positions at QEC require a formal education and/or a professional designation requiring a degree in one of the following areas listed below:

    - Accounting;
    - Engineering;
    - Finance;
    - Human Resource Management; and
    - Information Technology.

    As part of this program QEC provides scholarships in each of the degree streams. The scholarships are intended to remove financial barriers allowing students to focus on their academic success, and subsequently, their career at QEC.

2) Inuit Employee Development Plans are designed to be self-directed with support from an employee's manager and the IEP Administrator. Completing the development plan process helps to ensure employees have the knowledge, skills, leadership competencies and abilities to achieve these individual career and organizational goals.

    Through formal education, on-the-job learning, gaining new and different experiences, employees will work towards the next step on their career ladder as identified in their career

development plan. Lateral moves within the Corporation and between departments and positions also provide significant opportunities for cross training.

3) The IEP Committee (selected by an open application process) mandate is to review, analyze, and provide feedback to senior management on policies and employment practices as they influence Inuit employment. The IEP Committee was formed to support QEC's Inuit Employment Plan mandate and vision. The IEP Committee is tasked to review, analyze, recommend and provide feedback to senior management on its policies and employment practices as they influence Inuit employment. Working collaboratively, the IEP Committee acts as a formal group to exchange ideas, concerns and solutions related to the QEC Inuit Employment Plan as identified by IEP Committee members.

4) The QEC Inuit Summer Student Employment Program (ISSEP) provides students with an opportunity to work in our two main offices or the plants in our communities. Students are hired for positions in their own community thus giving them exposure to opportunities that they can 'see'.

   This experience has proven to give students a valuable opportunity to explore their career options and allows us to assess them for other opportunities. Students that are identified by their manager and/or the IEP Committee as high potential candidates for the ILDP or Apprenticeship Program will have an opportunity to interview and apply for either of these programs.

   To select summer students, QEC has implemented a Selection Committee that is comprised of Inuit employees. This Committee manages all aspects from applicant review, conducting the interviews, sending letters of offer, through to exit interviews with students and managers. The IEP Administrator remains as an available support to the Committee as they manage this important process. The Committee receives training from the IEP Administrator to be able to participate in this program. This is a valuable developmental opportunity for Committee participants.

5) The Apprenticeship Program was developed to reduce the dependency of hiring trades people outside of Nunavut. The recruitment of a professional journeyperson to come live, work and 'remain' has become a significant expenditure for QEC and competition from companies both in and outside the territory has resulted in extended positional vacancies. This program is a proactive step in providing our Operations department with skilled trades people.

   2014 will mark the conclusion of the current Apprenticeship Program and the reintroduction of a new program that will support apprentices from across Nunavut.

Taking a planned approach allows us to develop our current employees into more senior level roles as part of their career development, develop our corporate succession plan, and attract and employ students interested in furthering their education and career choices with QEC.

The most recent employment statistics for the Corporation are attached as Appendix C.

3.0 Critical Issues

3.1. Operational and Decision-making Accountability

Continuing improvements in financial reporting have ensured that the Board of Directors has the information necessary to continue refining corporate governance.

QEC is now able to predict and report load growth, operating expenditures and capital costs, translating this information into annual revenue requirements. The Corporation can provide timely information to impacted stakeholders.

The previous years of reduced revenue and limited access to capital has meant that there are still significant capacity issues in many Nunavut communities, and that plants requiring replacement are still being delayed pending access to the necessary capital funds. Projects in these areas will be a significant portion of the capital budgets for QEC in the next years, while valuable diesel replacement projects also demand high amounts of capital investment. In 2014-2015, continued emphasis will be placed on prioritizing required plant and equipment replacements, upgrades and expansions, as well as identifying funding sources and leveraging funding arrangements.

All electricity needs in Nunavut are met by imported fossil fuel supplies. QEC is the only energy corporation in Canada without developed local energy resources or regional electricity transmission capability, thereby creating a situation of huge fossil fuel dependency. Each community in Nunavut has its own independent electricity generation and distribution system. There is no back-up grid. It is critical for QEC to determine the most economical and environmentally sound alternatives to diesel-generated electricity, in order to minimize the territory's dependence on imported fossil fuels.

3.2 Income

All Nunavut communities, regardless of population, require similar power infrastructure. Due to a lack of corporate and private ratepayers, there is an inability to charge suitable rates to generate the necessary revenue in small communities to properly fund the required maintenance and capital improvements to the power infrastructure. The Corporation continues to address the lack of revenue by filing GRAs and Fuel Stabilization Rider (FSR) applications, and requesting the GN to cover FSR shortfalls.

The combination of aging infrastructure requiring replacement and the worldwide volatility of fossil fuel prices will exceed the cash flow produced from the income that the Corporation creates.

Without surplus income, there is little ability to borrow incremental amounts. The ability to borrow is further constrained by the regulated debt to accumulated surplus ratio (debt-to-equity) and the size of the GN's guaranteed debt cap allocated to the Corporation, which inhibits QEC's ability to comfortably move forward on potential large-scale projects aimed at minimizing Nunavut's dependency on fossil fuels and providing an affordable energy supply to Nunavummiut.

This lack of surplus cash flow or access to debt capital also precludes the ability to research and implement alternative energy projects designed to reduce Nunavut's overall carbon footprint. QEC's recent and future projects in residual heat and hydroelectricity raise new questions regarding the apportionment of costs, risks and revenues between communities and among revenue sources. These issues will come under renewed and continuous discussion and development in 2014 and beyond.

3.3 Generation Mandate

The Corporation is facing population driven demands, resulting from new infrastructure requirements as well as from requirements to replace aging infrastructure. Some of the major drivers for capital expenditures are:

- Duty to Serve;
- Integrity of Power System Infrastructure;
- Equipment Life Cycle Cost;
- Safety and Code Compliance;
- Cost Savings;
- System Load Growth;
- Asset Base Sustainability; and
- Resource Availability.

Typically, a power plant is designed to function for 40 to 50 years. The Corporation owns and operates 25 diesel power plants across Nunavut. This means that every two to three years a new power plant or major reconstruction of the existing facility should be undertaken to maintain the integrity of the existing generating infrastructure. The Corporation has built one new power plant in the past 11 years (Baker Lake). Many existing plants were built by NCPC using federal funds and the existing community-based rate structure relies heavily on this inherited infrastructure. As previously stated, the financial capacity or rate base of some of Nunavut's smallest communities may be inadequate to support a replacement plant.

In order to maintain reliability and meet increasing load demand across QEC's system, a number of genset replacements/additions have been undertaken in the past 5 years. This was a short-term solution to a long-term problem of excessive load growth coupled with unfunded long-term capital requirements. This practice was clearly not sustainable. In order to maintain reliability and meet load requirements, QEC has prioritized its capital plan to include genset replacements, capacity increases, and environmental and regulatory requirements to address safety concerns over the past few years. In 2014-2015, QEC has major infrastructure expansions and plant replacements in its

capital plans, and will also be increasing capacity/replacing gensets and upgrading residual heating systems (See Appendix A).

The Corporation is responsible to Nunavummiut to advance economically viable renewable energy opportunities. QEC is currently involved in a number of initiatives that will assist in reducing Nunavut's dependence on fossil fuels.

Some of these initiatives include:

- The investigation of hydro-electric power generation for Iqaluit;
- The creation of an Arctic Wind Test facility in Arviat;
- Optimizing fuel efficiency in diesel plants by incorporating Programmable Logic Controllers/automation into the design;
- Utilizing residual heat from the diesel gensets to provide block heating/plant heating in order to reduce station service loads where feasible;
- Coordinate initial feasibility study among ecoENERGY, Hamlet and consulting firms;
- Analyze available heat recovery technology and its viability in applying to different communities;
- Develop and implement District Heating Systems operation, monitor and control policy; and
- The construction of residual heat distribution systems to third party customers such as in Rankin Inlet, Iqaluit, and Arviat.

All of these initiatives are targeted at reducing fuel consumption, reducing Greenhouse Gas Emissions, and minimizing the environmental impact on the communities in which QEC operates.

QEC is actively seeking funding for hydroelectric development in Iqaluit. Initial studies indicate that the Jaynes Inlet and Armshow South sites have potential but require in-depth feasibility studies to help determine the overall socio-economic and environmental viability of the development. In order to undertake the studies, substantial funding is required to define the basic parameters of the project – hydrology, geography, power plant design estimates, transmission line design, routing and estimate, environmental studies, regulatory approvals, etc. Based on the requirements for permitting, design, environmental studies, land negotiations, and construction, hydro development projects are extremely capital intensive initially and take several years to implement from the concept stage.

QEC will continue to seek outside funding sources to offset this substantial investment. Each year project reviews will be initiated and the list of tangible and committed renewable energy projects will grow in size and impact. The Corporation will use both its available capital budget and funds solicited from outside sources to advance the infrastructure goals of Nunavut.

4.0 Priorities 2014-2018

The priorities are delineated by functional department and derived from the Corporation's core mandate, by direction received from the QEC Board of Directors and the Government of Nunavut.

4.1 Board of Directors

Priorities (2014-2015)

- The QEC Board will establish and implement an annual Directors and Board Evaluation Process.
- Through the QEC Board Governance and Policy Committee that was struck at the March 2014 Board meeting, the QEC Board will update Board governance and operating policies.

4.2 Administration

Administrative services include two main areas: the Office of the President and CEO, and Corporate Affairs. Working closely together, the Board of Directors, Senior Management, and the Office of the President and CEO provides for the overall leadership and management of the Corporation while ensuring ongoing implementation and integration of government priorities into corporate operations. Corporate Affairs is responsible for the administration and evaluation of corporate policy, strategic planning, policy and legislative development, communications, risk management, and providing support to other departments of the Corporation.

Priorities (2013-2014)

- Obtain a mandate and reach a collective agreement with the QEC unionized workforce.

  Status: The Nunavut Employees Union has provided written notice pursuant to Section 60 of the *Public Service Act* to seek mediation.
- File the Corporation's General Rate Application.

  Status: QEC submitted the 2014/15 GRA n December 2013, which is currently under review by the URRC.
- Continue the critical review and updating of corporate policies.

  Status: Corporate policies continue to be reviewed and updated. All policy changes are reviewed by Senior Management and recommended by the President and CEO for approval by the Board.
- Implement Key Performance Indicators (KPIs)/Balanced Scorecard performance measures into all business plans and reporting platforms.

Status: KPIs have been developed for all departments and a database has been set up to track the recording of the data. Changes in senior management have delayed the progress of implementation and the work will be reviewed in 2014-2015.

- Complete a critical review and update of the corporate procurement manual.
  Status: Work has been deferred as updates are also being completed by the GN's Department of Community and Government Services which the QEC procurement manual emulates.
- Continue the implementation of the Comprehensive Implementation Plan for OLA and ILPA
  Status: Advancements have been made and will continue to be incorporated into our services provided and standard operating procedures.
- Implement a quality control process for audit projects, as required by Institute of Internal Auditor (IIA) Standards, including external review and client satisfaction feedback.
  Status: The quality review process is in place, however, the file reviews have not been completed.

Priorities (2014-2015)

- Evaluate and realign the corporate and strategic planning processes utilized by the Corporation with a view to streamline the process.
- Review the application of Enterprise Risk Management processes for utilization across the entire functional organization.
- Continue with the implementation of a Corporate Communications framework.
- Identify opportunities with the GN to implement the Comprehensive Implementation Plan for the *Official Languages* Act and the *Inuit Language Protection Act*.
- In collaboration with the QEC Board, establish and implement an annual Directors and Board Evaluation Process.
- In collaboration with the QEC Board, update Board governance and operating policies.
- Continue the critical review and updating of corporate policies.
- Review Key Performance Indicators (KPI's)/Balanced Scorecard performance measures into all business plans and reporting platforms to determine relevance.
- Continue a quality control process for audit projects, as required by Institute of Internal Auditor (IIA) Standards, including external review and client satisfaction feedback.
- Develop a new Strategic Plan for the Corporation

Priorities (2015-2016)

- Complete an internal review of the Internal Audit Function, including client feedback.

Priorities (2016-2017)

- Complete an independent review of the KPI/Balanced Scorecard performance measures to ensure the system is meeting corporate needs.

Priorities (2017-2018)

- Complete an external quality assurance review of the Internal Audit function, as required by IIA Standards.

Priorities (2018-2019)

- Review new Cabinet mandate for alignment with QEC priorities.

4.3 Engineering

The Engineering Department's primary function is to provide engineering design and technical support services for the Corporation. It also develops and maintains various corporate engineering standards and is the primary vehicle for developing and implementing the capital plan. Engineering supports and partners with the Operations Department in ensuring that corporate business goals are consistently achieved at the lowest cost to ratepayers, while achieving the highest possible standards in accordance with common utility practices.

Priorities (2013-2014)

- Complete Phase of the Iqaluit Plant Expansion.

  Status: The project is in its final phase. A short list of outstanding items is required to be completed.

- Complete the mechanical and electrical phases of the new power plant construction for Qikiqtarjuaq and Taloyoak.

  Status: An application for the development permit of the Taloyoak plant has been submitted to the Hamlet. Once approved, implementation of the plant will commence. A location for the Qikiqtarjuaq plant has been identified and the lease for the lot is still being negotiated with the Hamlet. Once finalized, implementation of the plant will commence.

- Pending successful acquisition of land, Initiate design and construction of new Cape Dorset Power Plant.

  Status: An agreement with the Hamlet concerning the location of an industrial lot for the power plant is under development but has not been reached.

- Continue Hydro Feasibility Studies and negotiations with land owners and regulatory bodies.

Status: Work on this project is ongoing and initiatives are underway to identify additional funding options.

- Work with Hamlets and GN on identifying land for construction of new power plants in each community.

  Status: QEC continues to ensure that it works with local stakeholders to identify mutual acceptable locations of new constructions.

- Finalize the 40 Year QEC Capital Planning document.

  Status: Due to the number of capital projects and capacity issues this priority was moved to the following fiscal years.

- Undertake a Supervisory Control and Data Acquisition (SCADA) study and implementation in Kitikmeot and Kivalliq Regions

  Status: Work on the SCADA implementation in Kitikmeot is complete and implementation in Kivalliq is underway.

Priorities (2014-2015)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Continue with power plant replacement/infrastructure renewal program for Cape Dorset, Qikiqtarjuaq and Taloyoak.
- Develop and implement a mentoring/development program for Engineers-in-Training.
- Engineering Project Management: Guidelines and policy require updating.
- Review of Engineering Document Management System
- Review Departmental Structure and update Job Descriptions
- Complete of the Iqaluit Plant Expansion.
- Complete the power plant building structure for the new power plant construction for Qikiqtarjuaq and Taloyoak.
- Pending successful acquisition of land, initiate design and construction of new Cape Dorset Power Plant.
- Work with Hamlets and GN on identifying land for construction of new power plants in each community.
- Undertake a Supervisory Control and Data Acquisition (SCADA) study and implementation in Kitikmeot and Kivalliq Regions
- Continue with further updating and developing of corporate engineering standards.
- Investigate the utilization of Smart and Automatic Meter Reading infrastructure for the other communities in Nunavut.

- In conjunction with other QEC departments, develop a long term capital planning document (40-year horizon) identifying major capital projects.
- Complete Phase III of the Iqaluit Plant Expansion.
- Design new power plant in Grise Fiord; initiate design for Gjoa Haven
- Complete Distribution upgrade and voltage conversion of the Grise Fiord system.
- Identify power plant replacement priorities for the next 5-Year Capital Plan.
- Finalize AMI Program with all systems being in service.
- Undertake SCADA study and implementation in Qikiqtaaluk Region.
- Initiate the development of the 40 Year QEC Capital Planning process.

Priorities (2015-2016)

- In collaboration with Health, Safety, and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Continue power plant replacement program.
- Replace identified Iqaluit gensets based on end of life, life cycle cost and system demand.
- Undertake SCADA design and implementation in the Qikiqtaaluk Region.
- Conduct long-term system planning studies for Rankin Inlet & Cambridge Bay.
- Continue the development of engineering standards.
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Complete the mechanical and electrical phases of the new power plant construction for Qikiqtarjuaq and Taloyoak.
- Construction of a new plant facility in Grise Fiord.
- Replace identified Iqaluit gensets based on service life and demand.
- Begin the development of a draft to 40 Year QEC Capital Planning document.

Priorities (2016-2017)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Continue the development of engineering standards.
- Residual Heat System implementation in Taloyoak.
- Procurement of the Emergency Unit for Repulse Bay.
- Commencement and planning for new power plants based on priorities.
- Continue to develop the draft 40 Year QEC Capital Planning document.

Priorities (2017-2018)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Continue power plant replacement program
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Continue the development of engineering standards.
- Continue technical support to the operations department.
- Commencement and planning for new power plants based on priorities.
- Investigate a Residual Heat System for Baker Lake.
- Initiate geotechnical site work for the new power plant in Chesterfield Inlet.
- Continue power plant replacement program.
- Review and adjust the draft 40 Year QEC Capital Planning document.

Priorities (2018-2019)

- Initiate geotechnical site work for the new power plant in Rankin Inlet.
- Initiate geotechnical site work for the new power plant in Arviat.
- Commencement and planning for new power plants based on priorities.
- Finalize the 40 Year QEC Capital Planning document.

4.4 Finance

The Finance Department is located in Baker Lake, with regional offices in Cambridge Bay, Iqaluit and Rankin Inlet. Key Functions of Finance are: Finance (Financial Accounting and Reporting, Budgeting, Planning and Analysis, Regulatory Affairs); Supply Chain Management (Logistics, Procurement, Inventory Control, Warehousing); Customer Care (Billing, Collections, Customer Service); and Payroll, Benefits and Pensions. Finance is viewed by the Corporation as a critical department requiring significant effort and resources to meet its corporate service requirements. Its priorities focus on making the Finance department more efficient and effective as it strives to improve functional and governance requirements and services.

Priorities (2013-2014)

- Develop and implement a plan to meet the financial requirements of the annual capital budget until the implementation of the new utility rates goes into effect in 2015.

  Status: On April 22, 2013, QEC has an approved loan amount of $74 million for capital funding. This amount is divided into three tranches for 2013/14, 2014/15 and 2015/16. On

October 29, 2013, QEC signed a credit agreement amendment with CIBC to defer the repayment of principal for 2013-2014 capital funding from October 31, 2013 to March 31, 2014. The capital funds advance date is also extended to March 31, 2014. In the same amendment, QEC also revised the three tranches amount to *match* our proposed capital plan.

- Implement new sea lift procedures and provide training to internal and external stakeholders.

  Status: Under review by the newly hired Supply Chain Manager. More details will be rolled out in 2014/2015 after the sealift season.

- Submit GRA for the 2014/2015 test year.

  Status: QEC submitted the 2014/15 GRA in December 2013 which includes Phase I and Phase II. On January 29, 2014, QEC was directed by an Instruction from the Minister responsible for QEC to retract the move to territorial rates and remove Phase II from the 2014/15 GRA and only implement the Phase I component of the Application by way of an equal percentage across-the-board increase to current rates. All customers would see the same percentage increase in their current rates. Currently the GRA is under review by the URRC.

- Reduce territorial cycle to 1 month from 3 and reduce Accounts Receivable days outstanding to 65 days.

  Status: Target is complete and efforts to maintain are ongoing.

- Complete the distribution assets reconciliation into the fixed asset sub ledger.

  Status: The Great Plains (GP) Fixed Assets Sub-ledger is to be reconciled and uploaded by the end of April, 2014.

- Implement a customer service strategy
  Status: A customer service committee has been created and is developing and implementing priorities.

Priorities (2014-2015)

- In collaboration with Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs.
- Enhance the Customer Care plan to improve customer service.
- Reduce territorial collection cycle from three months to one month.
- Assess and improve existing sealift procedures.
- Assess and improve existing contracting and procurement procedures.
- Develop a robust budget model to provide transparency in variance reporting and to improve budget preparation process.
- Assess and improve asset management for inventory and capital assets.
- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

- Identify resource needs in anticipation of increased governance reporting.

Priorities (2015-2016)

- In collaboration with the Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs.
- Continue to enhance the Customer Care plan to improve customer service.
- Conduct a territory wide audit of commercial meters.
- Conduct a depreciation study to examine the appropriateness of asset depreciation rates.
- Anticipate and optimize financing options to support our Capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

Priorities (2016-2017)

- Through the General Rate Application process, establish the appropriate rate to cover costs associated with operating the utility and providing for capital infrastructure expenditures.
- Perform a Phase II of the General Rate Application that provides several Cost of Service study options and establish the appropriate rate classes.
- Conduct a customer care survey to measure improvements resulting from the roll out of the Customer Care plan.
- Anticipate and optimize financing options to support our capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

Priorities (2017-2018)

- Conduct an evaluation of the Finance Department to analyze business functions and identify areas for improvement.
- Anticipate and optimize financing options to support our capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

Priorities (2018-2019)

- In collaboration with the Information Technology Department, review the existing enterprise reporting system for enhancements to increase efficiencies in reporting.
- Work with other departments to improve on internal financial reporting.
- Anticipate and optimize financing options to support our capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

4.5 Health, Safety and Environment

The Health, Safety and Environment Department is responsible for the overall administration of the Corporation's environment and safety management practices. This includes ensuring the utility operates in an environmentally conscience and responsible manner; responding to and coordinating the clean-up of any environmental incidents; ensuring all employees understand their rights and responsibilities on issues that have an impact on their health and safety; establishing a functioning safety program; providing health and safety training to all employees; and reviewing all applicable federal and territorial acts/regulations and ensuring the Corporation is in compliance with those acts and regulations.

Priorities (2013-2014)

- Finalize Phase III of the development of the Emergency Management System (EMS).

  Status: It was decided in 2013 not to implement the EMS.

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.

  Status: Completed. Four Delineation studies were completed in Cambridge Bay, Kugaaruk, Kugluktuk and Gjoa Haven.

- Develop a waste oil reduction/recycling plan.

  Status: Plan currently in draft stage.

Priorities (2014-2015)

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
- Roll out of new Work Protection Code to Operations staff anticipated to occur during Operations training in May 2014.
- Continue to develop a waste oil reduction/recycling plan.
- In collaboration with Engineering, remove all single-walled underground piping that ties into QEC's fuel system in Iqaluit and replace with either double-walled underground piping or aboveground piping.
- Complete and roll-out a new QEC Safety Rule book for employees and contractors.
- Continue to develop safe work practices and standard operating procedures for QEC employees and contractures.
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.

Priorities (2015-2016)

- In collaboration with Engineering, remove all single-walled underground piping that ties into QEC's fuel system in Rankin Inlet and Whale Cove and replace with either double-walled underground piping or aboveground piping.
- Successfully complete the External Audit of the Certificate Of Recognition (COR) to maintain QEC's accreditation from the Northern Safety Association.
- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.

Priorities (2016-2017)

- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.

Priorities (2017-2018)

- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.

Priorities (2018-2019)

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.

4.6 Human Resources and Organizational Development

The Human Resources and Organizational Development Department provides expertise and support to all departments. This includes designing and implementing progressive human resources and organizational development plans that will enhance overall corporate capacity, compliance with Article 23 of the *Nunavut Land Claims Agreement*, and positioning the Corporation to successfully meet the changing demands of its business. Human Resources and Organizational Development also plays a leadership role in ensuring that all of the Corporation's human resources and organization development plans are carried out in accordance with applicable legislation, QEC policies, and applicable collective agreements.

Priorities (2013-2014)

- Review and compare 'transformational' Performance Management Program with best practices.

  Status: Performance Management course updated in 2013. Program to continue evolution with changing business requirements.

- Develop a training program for the Billings department and Plant Supervisors.

Status: Formal needs assessment to be conducted to determine most efficient and effective solution for the Billings department. Supporting this, process maps are currently being updated and competencies are being identified. Operator Certification Program Plan completed as working document for the Operations department. Ongoing partnership with Operations continues towards goal of establishing a modular based QEC Program.

Priorities (2014-2015)

- Work towards 59% Inuit employment as per the IEP Strategic Plan, 2014-16.
- Review and assess Strategic Human Resources and Organizational Development goals. Implement and change Human Resources strategies and processes as required to meet the changing business needs of QEC.
- Build partnerships with the GN in an effort to better align ourselves with their Human Resources practices.
- Deliver relevant corporate training programs to enhance performance capacity.

Priorities (2015-2016)

- Work towards 61% Inuit employment as per the IEP Strategic Plan, 2014-16.
- Analyze and assess the priorities from 2014-2015 for lessons learned. Establish solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

- Development and review of Departmental Succession Plans.

Priorities (2016-2017)

- Work towards 63% Inuit employment as per the IEP Strategic Plan.
- Analyze, assess the priorities from 2015-2016 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

Priorities (2017-2018)

- Work towards 65% Inuit employment as per the IEP Strategic Plan.
- Analyze, assess the priorities from 2016-2017 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

Priorities (2018-2019)

- Work towards growing Inuit employment as per the IEP Strategic Plan and continue to update and evaluate plan as necessary.
- Analyze, assess the priorities from 2017-2018 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

4.7 Information Technology

The Information Technology Department provides support to other corporate departments through a series of services that include data communications, enterprise applications, application development, integrated computer systems and technology assistance and support. The goal of the department is to enable QEC to achieve its business objectives through the use of Information Technology.

Priorities (2013-2014)

- Complete disaster recovery planning and policies.

Status: Ongoing project; 75% complete; implemented data recovery which created a reliable disaster recovery solution. Completion of policies and procedures documentation is targeted for Summer 2014.

- Continue Document/Records management implementation.

  Status: Multiyear project; RFP was completed and presented to Board of Directors in November 2013. Due to the high cost of implementation in both resources and licensing, it was decided to put the project on hold for one year. During this time, the Information Technology department would continue to organize QEC's soft document management and introduce procedures such as standard naming conventions.

- Implement telephony upgrades and VOIP technologies in Cambridge Bay and Rankin Inlet.

  Status: Complete.

- Review corporate Information Technology processes and procedures and compare to industry best practices.

  Status: Complete.

- Evaluate feasibility of bringing community power plants into core satellite network.

Status: Complete.

Priorities (2014-2015)

- Upgrade community power plant Information Technology infrastructure and services.
- Finalize and implement disaster recovery planning and policies.
- Re-evaluate core financial software system.
- Implement satellite communications optimizations.
- Review Information Technology department strategic goals.
- Collaborate with Operations to develop and implement more efficient meter reading methods (Automatic Meter Reads, bi-monthly billing, etc.).
- Collaborate with Operations on SCADA implementation.
- Collaborate with Finance on E-billing implementation.

Priorities (2015-2016)

- Continue Document/Records management implementation.
- Investigate ERP options.

Priorities (2016-2017)

- Upgrade core Information Technology infrastructure.

Priorities (2017-2018)

- Assess needs of client departments.

4.8 Operations

The Operations Department is tasked with the mandate of generating and distributing safe, reliable electric energy in all Nunavut communities. Each community has its own generating plant staffed by employees who live in the community. Local staff is supported by electrical, mechanical and line trades staff based in the regional centers of Cambridge Bay, Iqaluit and Rankin Inlet.

Operations supports and partners with Engineering to ensure that corporate business goals are consistently achieved at the lowest cost while achieving the highest possible standards.

Priorities (2013-2014)

- Design SCADA system, procure hardware/software and install in 5 Kitikmeot and 7 Kivalliq power plants.

  Status: The hardware has been procured. Installation is planned for 2014-2015.
- Train Iqaluit electricians in breaker/substation maintenance for 25kV.

  Status: To be completed in the fall 2014.
- Collaborate with Finance and Engineering to implement Smart Metering system in Iqaluit.

  Status: On-going.
- Identify plans to reduce station service and line losses.

  Status: Complete.
- Continue to evaluate emergency generation and preparedness procedures.

  Status: On-going.

Priorities (2014-2015)

- Train Iqaluit electricians in breaker/substation maintenance for 25kV.
- Continue implementation of a maintenance management system to assist in resource planning and forecasting.
- Continue updating skills/abilities of Technologists, Electricians and Linemen to ensure timely and effective maintenance of new 25kV distribution system and substation through MEARIE / IHSA.
- Provide trades apprentices with meaningful and effective instruction to assist in their development to graduate apprentices to the 3rd level; one apprentice will achieve Journeyman status in this time.

- Continue working with Human Resources to develop a module based Plant Superintendent, Plant Operator and Assistant Operator training.
- Collaborate with Finance and Engineering to develop and implement more efficient meter reading methods (Automatic Meter Reads, bi-monthly billing, etc.).
- Collaborate with Information Technology to develop automatic month end reports with Key Performance Indicators (KPI) for generation and distribution data.
- Design SCADA system, procure hardware/software and install in 5 Kitikmeot and 7 Kivalliq power plants.
- Continue to evaluate emergency generation and preparedness procedures.
- Design SCADA system, procure hardware/software and install in 13 Qikiqtaaluk power plants.
- Tie regional SCADA and CMMS systems together for recording/transferring data to a common server/database.

Priorities (2015-2016)

- Review territorial needs for SCADA and CMMS.
- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Collaborate with Property Management, Health, Safety and Environment to continue installation of power plant fencing and security requirements.

Priorities (2016-2017)

- Review territorial needs for SCADA and CMMS.
- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Collaborate with Property Management, Health, Safety and Environment to continue installation of power plant fencing and security requirements.

Priorities (2017-2018)

- Review territorial needs for SCADA and CMMS.
- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Collaborate with Property Management Health, Safety and Environment to continue installation of power plant fencing and security requirements.

Priorities (2018-2019)

- Review territorial needs for SCADA and CMMS.
- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Collaborate with Property Management Health, Safety and Environment to continue installation of power plant fencing and security requirements.

5.0 Conclusion

QEC continues to evolve to fulfill its mission of safe, reliable, sustainable and economical energy supply and service. As proud members of the communities we live in, it is important that we support our shareholder and contribute back, as we go about our business to demonstrate our commitment to serving and providing for others (Pijitsirniq).

We are dedicated to the development of strong leaders within our organization and communities and strive towards having a qualified and engaged workforce that is reflective of our population. This is being accomplished with continuing education combined with an IEP Strategic Plan.

We will continue to invest and provide reliable power for our communities while looking for ways to manage our environmental footprint. Our efforts towards developing local energy resources are ongoing.

Ensuring fiscal responsibility for our ratepayers through resourcefulness and transparency is of the uppermost importance. As we continue to develop and transition into the future, we look forward to instilling Inuit Societal Values into the corporate culture of QEC.

David Omilgoitok

Chair, Qulliq Energy Corporation

Appendix A – 2014-15 Capital Plan

QEC - 2014/15 Capital Plan Detail

Region	Community	Description	2014/15
Kitikmeot	Cambridge Bay	New Plant due to CHARS load 2017 study	50,000
		G3 replace & upgrade due to hrs @ 100k	50,000
		Pole trailer (safety)	28,000
		Wire reel trailer (safety)	18,000
		5 ton gantry crane (safety)	15,000
	Gjoa Haven	Re-Sag / Storm Guy Feeder	112,000
		5 ton gantry crane (safety)	15,000
	Taloyoak	Plant Replacement	5,100,000
	Kugaaruk	5 ton gantry crane (safety)	15,000
	Kugluktuk	5 ton gantry crane (safety)	15,000
		Subtotal - Kitikmeot Region	**5,418,000**
Kivalliq	Kivalliq	Install Mesh / Security Gates on Plants C/O	54,000
	Rankin Inlet	Genset Replacement (G3 - Cat 3516) hours	50,000
		Vehicle Replacement	55,000
		Replace Poles in Downtown Core	1,190,000
	Baker Lake	Genset Replacement (G1 - Cat 3512) @91k	50,000
		Vehicle Replacement - Property	50,000
		Vehicle Replacement - Power Plant	50,000
	Arviat	Genset Replacment (G1 - Cat 3512)@83k	1,978,000
		Genset Replacement (G3 - Cat 3516)@85k	50,000
		Replace 3 fuel tanks & remove berm - Enviro	709,000
	Coral Harbor	Airport Feeder Rebuild & Conversion	1,395,000
	Chesterfield Inlet	Replace G3 - Cat 379 based on hours	50,000
	Whale Cove	Power Plant - Foundation c/o	35,000
		Plant Wall - Investigate & Repair c/o	60,000
		Airport Feeder Replacement	910,000
		Replace Cat 3412 - G1 based on hours	50,000
		Subtotal - Kivalliq Region	**6,736,000**
Qikiqtaaluk	Iqaluit	Plant Expansion/Facility Upgrades c/o	600,000
		AMI / SMART GRID	1,560,000
		Portable Vibration & Align Tool - Cost Save	30,000
		CAT turning tool - Safety issue	60,000
		Cherry Picker Boom truck	155,000
	Pangnirtung	Emergency Unit	1,505,000
	Cape Dorset	New Power Plant Design / Build $25 million	100,000
	Resolute Bay	Pole Replacement/Dist upgrade	1,090,000
		Berm sec. contain, fuel quick disc. Etc. - Enviro	545,000
		Manlift - safety	12,000
	Pond Inlet	Install 2 new fuel tanks - Enviro	545,000
		Manlift - safety	12,000
		Quonset Type Garage / Warehouse	90,000
		Substation upgrade	100,000
	Igloolik	Fence - security	185,000
		Manlift - safety	12,000
	Hall Beach	Upgrade G1 - 3406 to 3508	50,000
		Line Truck - RBD	180,000

		Quonset Type Garage / Warehouse	90,000
		Transient Trailer	225,000
		Manlift - safety	12,000
	Qikiqtarjuaq	Plant Replacement	5,300,000
	Kimmirut	Replace & upgrade G1 to 3508 + platforms	1,333,000
		Replace G3 - D3412 based on hours	50,000
		Quonset Type Garage	90,000
	Arctic Bay	Lifting device replacement - A frame (safety)	15,000
	Clyde River	Capacity increase G2 to 3512	1,425,000
		Quonset Type Garage / Warehouse c/o	45,000
		Transient Unit c/o	45,000
		Fence - security	251,000
		Manlift - safety	12,000
	Grise Fiord	New Power Plant - design and build	460,000
		Distribution System Upgrade	600,000
		Transient Unit	45,000
	Sanikiluaq	Transient Trailer c/o	45,000
		Quonset Type Garage / Warehouse c/o	45,000
		Oil burner for Quonset	15,000
		Manlift - safety	12,000
		Distribution Upgrade	1,200,000
		Subtotal - Qikiqtaaluk Region	**18,146,000**
Nunavut	Nunavut / Corporate	Electronic Document Management Sysy. c/o	213,000
		Fire Alarm Pond Inlet safety,security,insurance	76,000
		Fire Alarm Arctic Bay safety,security, insurance	76,000
		Purchase 4 series 60 from NWT for stock	190,000
		Residual Heat System Upgrades	250,000
		Qikiqtaaluk SCADA Project	250,000
		Spare Satellite Dish c/o	23,000
		Groupwise to Microsoft Exchange Migration	45,000
		Enviromental Decommissioning	115,000
		Oil filter crushers - 5 communities	40,000
		Unidentified Capital Projects**	500,000
		Subtotal - Nunavut /Corporate Projects	**1,778,000**
		Total 2014/15 Capital Plan	**32,078,000**

Appendix B – 2014-2015 Operations & Maintenance Budget

Qulliq Energy Corporation
2014-2015 Budget
Summary Report

TOTAL REVENUE	**135,617,000**
Fuel & Lubricants	56,362,000
GROSS MARGIN	**79,255,000**
Compensation and Benefits	27,520,000
Supplies & Services	23,884,000
Travel & Accommodation	5,759,000
TOTAL OPERATING EXPENSES	**57,163,000**
EBIA	**22,092,000**
Amortization & Interest	13,205,000
NET INCOME	**8,887,000**

Appendix C - Employment Summary: March 31, 2014

	Total Positions				Beneficiaries	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP
Executive	2	0	2	100$	1	50%
Senior Management	7	1	6	86%	0	0%
Middle Management	24	3	21	88%	3	14%
Professional	65	9	56	86%	14	25%
Paraprofessional	44	4	40	91%	34	85%
Administrative Support	52	3	49	94%	47	96%
Total Department	**194**	**20**	**174**	**90%**	**99**	**57%**
Employment Summary, by Community:						
Arctic Bay	2	0	2	100%	2	100%
Qikiqtarjuaq	2	0	2	100%	2	100%
Cape Dorset	2	0	2	100%	2	100%
Clyde River	2	0	2	100%	2	100%
Grise Fiord	2	0	2	100%	2	100%
Hall Beach	2	0	2	100%	2	100%
Igloolik	2	0	2	100%	2	100%
Iqaluit	79	10	69	87%	20	29%
Kimmirut	2	1	1	50%	1	100%
Pangirtung	2	0	2	100%	2	100%
Pond Inlet	2	0	2	100%	2	100%
Resolute Bay	2	0	2	100%	2	100%
Sanikiluaq	2	0	2	100%	2	100%
Arviat	2	0	2	100%	2	100%
Baker Lake	43	3	40	93%	23	58%
Chesterfield Inlet	2	0	2	100%	2	100%
Coral Harbor	2	0	2	100%	2	100%
Rankin Inlet	18	3	15	83%	11	73%
Repulse Bay	2	0	2	100%	2	100%
Whale Cove	2	0	2	100%	2	100%
Cambridge Bay	12	2	10	83%	5	50%
Gjoa Haven	2	1	1	50%	1	100%
Kugluktuk	2	0	2	100%	2	100%
Kugaaruk	2	0	2	100%	2	100%
Taloyoak	2	0	2	100%	2	100%
Total Community	**194**	**20**	**174**	**90%**	**99**	**57%**