

Qulliq Energy Corporation

Corporate Plan 2016-2020



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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. The QEC Board of Directors direct the strategic management of the Corporation in accordance with the Act as well as direction set out by the Government of Nunavut

QEC generates and distributes electrical energy to Nunavummiut through the operation of twenty-five 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, information technology, 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 develop 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.
Aajiiqatigiinni:	decision making through discussion and consensus.
Pilimmaksarniq/Pijariuqsarniq:	development of skills through observation, mentoring, practice, and effort.
Piliriqatigiinni/Ikajuqtigiinni:	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 36,919 (July 2015) 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 workforce.

2.2 Political

The Corporation's sole shareholder is also its largest customer, its largest supplier, 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 for QEC, 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 subject to Cabinet approval.

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 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 fourth Legislative Assembly is to increase the ability to be self-reliant; for QEC, this would mean changing our reliance on imported 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

On May 30, 2014, the Minister Responsible for QEC gave instruction to QEC to increase rates by 7.1% across all customer classes and communities, effective May 1, 2014. In the same instruction the Minister acknowledged acceptance of revisions to the Terms and Conditions of Service and the Fuel Stabilization Fund Instruction.

On November 6, 2015, QEC filed a Fuel Stabilization Rate (FSR) application to the Minister Responsible for QEC. The application proposes that a Fuel Stabilization Rider refund for the period from November 1, 2015 to March 31, 2016 be set at 1.8 cents/kWh for all customers with the exception of those in public housing who are subsidized under the User Pay Program.

QEC will be preparing a Fuel Stabilization Rate Fund (FSRF) forecast every 6 months. When actual fuel prices vary from those included in approved base electricity rates, the FSRF is charged or credited with the difference from approved General Rate Application (GRA) fuel prices. When the balance in the FSRF exceeds the \$1 million negative or positive threshold, QEC will file a FSR application to impose a rider or a refund to return the forecast FSRF balance to zero.

QEC has contracted the services of InterGroup Consultants Ltd. to provide support to QEC in the preparation and regulatory review of QEC's 2018/19 Phase I and Phase II GRA. The work is scheduled to commence June 2016 and a delivery date of the final draft of the GRA by end of August 2017. The GRA is expected to be filed to the Minister Responsible for QEC during September 2017, which allows sufficient time for the review and Minister's instruction in advance of the new rate's proposed implementation date of April 1, 2018.

In preparation for the GRA QEC is undertaking three projects to address recommendations from the Utility Rate Review Council (URRC) in regards to QEC's 2014/15 general rate application. These projects are as follows:

1. Complete a load forecast review and implementation plan (scheduled to be completed by December 2015)
2. Upgrade the capital planning system (scheduled to be completed by January 2016)
3. Complete an amortization/ depreciation study (scheduled for the summer of 2016)

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 four time zones and covers 1.994 million square kilometers of land mass, with a population estimated at 36,919 (July 2015). 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 one of the world's harshest environmental conditions.

Using the decentralized model adopted by the GN, 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 to maintain a pristine Arctic is reflected in environmental protection pressures. 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 and the GN, 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.

QEC's Environmental staff will also continue detailed delineation studies at 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 bulk prices. The other half is purchased from PPD throughout the year through its local agents 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 QEC's 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 is negotiated on average every three years.

2.7 Load Growth

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

Load growth in each of Nunavut's regions is forecasted to continue into the near future. Growth within the Qikiqtaaluk Region is in the range of two to three percent being spurred by the load growth in Iqaluit.

The Kitikmeot Region, specifically Cambridge Bay, is experiencing significant growth due to the new Canadian High Arctic Research Station (CHARS). The CHARS campus alone will trigger an approximately 40% capacity increase over Cambridge Bay's current plant capacity. QEC plans to provide power to CHARS in 2017 as outlined in a Memorandum of Understanding signed by QEC & CHARS on March 2nd 2016.

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 territorial and federal 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 and near 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 and rates charged to Nunavummiut.

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 53% (September 2015) with 30%

(September 2015) of QEC beneficiary employees enrolled in long term career development plans.

The QEC Inuit Employment Plan (IEP) consists of five programs (listed below). Each program is an independent but interconnected recruitment or development opportunity. Each program has been developed in line with QEC's 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.

- 1) The Inuit Leadership Development Program (ILDLP) aims to increase employment for Nunavut Land Claims Agreement (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 IEP mandate and vision. 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 Nunavut's communities.

Students are hired for positions in their own community thus giving them exposure to tangible career opportunities for the future.

This experience has proven to give students a valuable opportunity to explore their career options and allows QEC 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 on hiring trades people outside of Nunavut. Recruitment and retention of professional journeypersons to come live and work 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 QEC's Operations department with skilled trades people.

Taking a planned approach allows QEC to develop its current employees into more senior level roles as part of their career development, develop QEC's 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 included 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 foreseeable future. In 2016-2017, 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 small base 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 General Rate Applications 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 QEC's 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 move forward on potential large-scale projects aimed at minimizing Nunavut's dependency on fossil fuels and providing an affordable energy supply to Nunavummiut.

QEC is focused on sustainability with a dedicated corporate goal of earning its regulated rate of return with a combination of expense control and regular rate reviews. Access to debt capital and positive cash flow also contributes to the ability of QEC to research and implement alternative energy projects designed to reduce Nunavut's overall carbon footprint. With regards to QEC's recent and future projects in residual heat, apportionment of costs, risks and revenues between communities and among revenue sources will need to be evaluated. These issues will come under renewed and continued discussion and development in 2016 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) and is currently building in Taloyoak and Qikiqtarjuaq. Many existing plants were built by NCPCC using federal funds and the existing community-based rate structure relies heavily on this inherited infrastructure. As previously stated, the financial capacity and 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 five years. This is a short-term solution to a long-term problem of load growth coupled with unfunded long-term capital requirements. This practice is clearly not sustainable for the many plants that are at the end of their economic lifecycle. 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 2016-2017, QEC has major infrastructure expansions and plant replacements in its capital plan, 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 could assist in reducing Nunavut's dependence on fossil fuels.

Some of these initiatives include:

- 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;
- Analyzing available heat recovery technology and its viability in applying to different communities;
- The construction of residual heat distribution systems to third party customers such as in Rankin Inlet, Iqaluit, and Arviat;
- A pilot project for solar power at the Iqaluit plant with expected commissioning in 2016; and
- A wind resource assessment study expected to be completed by 2016.

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.

The Corporation will use both its available capital budget and funds solicited from outside sources to advance the infrastructure goals of Nunavut.

4.0 Corporate Priorities 2015 - 2020

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 and are aligned with the strategic goals outlined in the QEC Strategic plan 2015-2020 which are as follows:

- Goal 1** QEC will reduce dependence on fossil fuels through conservation and alternative energy by 2% by 2019.
- Goal 2** QEC will be a leading employer in the Territory by promoting training and retention with targets of 90% staffing levels and turnover of less than 10% by 2019.
- Goal 3** QEC will make its regulated rate of return annually.
- Goal 4** QEC will demonstrate leadership performance through accountable and transparent communication with all Nunavummiut.

4.1 Board of Directors

Priorities (2015-2016)

- The QEC Board will establish and implement an annual Directors and Board Evaluation Process.
Status: This priority is ongoing as the Board establishes an effective evaluation process.
- The QEC Board will update Board governance and operating policies.
Status: In order to improve efficiency in the Committee process, the mandate of the Governance and Policy Committee was transferred to the Human Resources Committee of the Board; policy work is ongoing.
- Board development training and activities to be undertaken to continuously improve governance.
Status: This priority is ongoing.
- The QEC Finance and Audit Committee will implement improved accountability and transparency in the financial statements.
Status: The Board Committee worked with the Finance department to ensure improved accountability of the Capital Budget and the Operations and Maintenance Budget for presentation to the Legislative Assembly and monitoring implementation of the recommendations received by the Auditor General of Canada.
- The QEC Human Resources and Policy Committee will promote the full implementation of the Inuit Employment Program and the Inuit Leadership Development Program as the cornerstone of effective hiring and promotion within QEC.
Status: The Board Committee worked with the Human Resources department to ensure this initiative was supported. Work on this priority is ongoing.

- The QEC Board of Directors will ensure the Corporation submits all financial and performance reports to the Legislative Assembly on a timely basis, thereby ensuring transparency and accountability.

Status: The Board worked closely with the Senior Management to ensure this priority was met.

Priorities (2016-2017)

- The QEC Board will implement an annual Directors and Board Evaluation Process.
- The QEC Board will review and update Board governance and operating policies.
- The QEC Board will enhance corporate governance through the implementation of Board training activities.
- The QEC Finance and Audit Committee will work with the Senior Management to improve accountability and transparency in the Finance, Engineering, Operations, Procurement and Health & Safety Departments.
- The QEC Finance and Audit Committee will monitor the progress and implementation of the action plan to address recommendations received from the Office of the Auditor General of Canada.
- The QEC Human Resources and Policy Committee will work with the Senior Management to continue to promote the full implementation of the Inuit Employment Program and the Inuit Leadership Development Program as the cornerstones of effective hiring and promotion within QEC.
- The QEC Board of Directors will undertake a policy review process to ensure the corporate policies recognize QEC's operational requirements and to the fullest extent possible align with the Government of Nunavut's Financial Administration Manual, Human Resources Manual and all other Government of Nunavut policies, as applicable.
- The QEC Board of Directors will ensure employee overtime is more effectively measured and reflected in the corporate financial statements.
- The QEC Board of Directors will ensure the Corporation submits all financial and performance reports to the Legislative Assembly on a timely basis, thereby ensuring transparency and accountability.
- The QEC Board of Directors will examine and implement strategic methods of enhancing and supporting strong leadership practices at all levels of management.
- The QEC Board of Directors will actively promote the goals of the 2015-2020 Corporate Strategic Plan.

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 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 (2015-2016)

- Complete an internal review of the Internal Audit Function, including client feedback.
Status: The internal audit position was a three year term position that was not renewed. The review is not required and will not be completed.
- Continue 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 process is required every five years, the Internal Auditor position was a three year term that was not renewed. This item will not be completed.
- Review the application of Enterprise Risk Management processes for utilization across the entire functional organization.
Status: The implementation of Enterprise Risk Management was not completed due to capacity. An Enterprise Risk Manager position was created in January 2016.
- Continue the critical review and updating of corporate policies.
Status: Annual on-going operational duties.
- Implement the Strategic Plan for the Corporation
Status: The Strategic Plan was approved in 2016.
- Review Key Performance Indicators (KPI's)/Balanced Scorecard performance measures into all business plans and reporting platforms to determine relevance.
Status: KPIs to be identified based on the revised Strategic Plan.
- Develop a standardize Administrative Records Classification System specific to the needs of the Corporation.
Status: A Records and Information Manager position has been created to oversee this initiative but has yet to be filled. The work will not be completed before March 2016.
- Develop a Communication Strategy.
Status: Work is expected to be completed by March 2016.
- Develop an Independent Power Producers (IPP) Policy.
Status: This policy will not be developed by March 2016 and requires further review.

Priorities (2016-2017)

- Complete an independent review of the KPI/Balanced Scorecard performance measures to ensure the system is meeting corporate needs.
- Develop a media campaign to promote energy conservation.
- Develop QEC branding.

Priorities (2017-2018)

- Complete an external quality assurance review of the Internal Audit function, as required by IIA Standards.
- Define transparency guidelines.
- Communicate the results of the Corporate Plan.
- Develop an education programs for the public and students on energy conservation.

Priorities (2018-2019)

- Review new Cabinet mandate for alignment with QEC priorities.
- Update the Strategic Plan.

Priorities (2019-2020)

- Continue efforts to better communicate with stakeholders through a review of the existing communication tools that are being utilized.
- Review the status of the Strategic Plan.

Priorities (2020-2021)

- Review the Communications Strategy.
- Review the application of Enterprise Risk Management as applied to the corporation.
- Review and analyze the effects of conservation efforts.
- Review QEC Act for changes

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 (2015-2016)

- In collaboration with Health, Safety, and Environment, continue to remove the single-walled underground piping that ties into QEC's fuel system. Rankin Inlet and Whale Cove are targeted for fuel pipe remediation.

Status: Rankin Inlet- The tender has been awarded and the project will be completed by fall 2016. Whale Cove- The work was delayed due to the QEC strike but the contract has been awarded. This work is not expected to be completed until later in 2016 when the contractor can mobilize to site.

- Continue power plant replacement program. Complete and tender final phase (mechanical/electrical/commissioning) for Taloyoak and Qikiqtarjuaq power plants by late 2015.

Status: Project is expected to be commissioned by March 2016.

- Undertake SCADA design and implementation in the Qikiqtaaluk Region. It is anticipated that work associated with the implementation of a SCADA system within the Kivalliq and the Baffin Regions will be completed in 2016.

Status: Qikiqtaaluk region work is partially completed. Discussions with ORBIS contracting were conducted in October 2015 to advance the Project. This work is expected to be completed by May 2016.

- Further discussion/analysis is necessary concerning the Cambridge Bay Power Plant. A Conditional Assessment Report was completed in 2014 which outlines options for plant expansion and for the construction of a new power plant. The plant capacity must be increased to meet the needs of the CHARS facility.

Status: This work is on-going with design and tendering work expected to be completed in fall 2016.

- The engineering department is anticipating that a 2nd year Mechanical Engineering beneficiary student will continue to work within the engineering department. The student will continue to develop his engineering experiences and continue the development of engineering standards.

Status: The student declined to join this year so the work was not completed.

- Conduct a system/plant condition assessment for the Gjoa Haven power plant.

Status: This work has been deferred and expected completion is in early 2017.

- Complete the distribution upgrade in 2015 and tender the power plant design for Grise Fiord.

Status: The distribution upgrade project was delayed due to the QEC strike however the contract has been awarded and project will be completed by fall 2016. RFP for the power plant design for Grise Fiord will be issued by early April 2016.

- Continue the development of a draft 40 Year QEC Capital Planning document.

Status: Annual on-going operational duties.

- Implementation of distribution system for Repulse Bay, Whale Cove, Grise Fiord, Taloyoak, Qikiqtarjuaq, Resolute Bay. Commencement of design, procurement will take place for Coral Harbour, Cambridge Bay, and Igloolik.

Status: Implementation of distribution system upgrade for Whale Cove, Taloyoak, and Qikiqtarjuaq is completed. For Grise Fiord it will be completed by the fall of 2016. For balance projects the design work is expected to be completed by May 2016. The procurement of materials will be deferred until the next fiscal year.

- Supply, installation, commissioning of an emergency generator in Clyde River.

Status: Tender documents has been issued and order is placed for the Genset and work is expected to be completed by summer 2017.

- Continue the genset replacement program with implementation within Sanikiluaq, Clyde River and Kimmirut. Commence genset replacement designs for Cambridge Bay, Gjoa Haven, and Hall Beach.

Status: The Sanikiluaq and Clyde River genset replacement has been completed. The Kimmirut replacement will not be completed by March 2016. It is anticipated that the genset replacement designs for Cambridge Bay, Gjoa Haven, and Hall Beach will be completed by June 2016.

- The Energy Management Group (EMG) within the engineering department will explore opportunities for energy savings and alternative/renewable energy for the Arctic Environment within Nunavut.

Status: Annual on-going operational duties.

- The EMG will coordinate with different federal agencies for implementing demonstrative projects.

Status: Annual on-going operational duties.

- A demonstration project will be conducted that will include solar panel installation with integration into the Iqaluit electrical grid.

Status: The tender is awarded and the work is expected to be completed by March 2016.

- An energy saving demonstration project (indoor and outdoor lighting) will be implemented in Iqaluit.

Status: This project is completed and data is being monitored.

- The EMG will be upgrading the existing District Heating System (DHS) in Iqaluit. This will include; software, hardware control logics and programming.

Status: This work is expected to be completed by March 2016.

- The Pangnirtung DHS control system will be upgraded.

Status: This work has been delayed due to the fire and will be completed by March 2017 along with the new power plant build.

Priorities (2016-2017)

- Implement and conduct project post mortems on 100% of Engineering's capital projects.
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Investigate energy conservation projects to be implemented by QEC.
- Commission pilot project for solar power at the Iqaluit power plant.
- Procurement of the Emergency Unit for Naujaat.
- Develop an Independent Power Producer (IPP) policy and submit for Board approval.

Priorities (2017-2018)

- Investigate a DHS for Baker Lake.
- Implement energy conservation efforts.

- Review the capital planning process and implement improvements.

Priorities (2018-2019)

- Commencement and planning for new power plants based on priorities.
- DHS implementation (detail engineering design and tender) in selected communities.
- Replace identified gensets based on end of life, life cycle cost and system demand.
- Review the organizational structure of the Engineering Department to ensure efficient operation for the delivery of capital projects.

Priorities (2019-2020)

- Refresh project management training for the Engineering department.
- Investigate the implementation of DHS for other potential power plants and communities.

Priorities (2020-2021)

- Conduct system/plant condition assessments to support the 40 year capital plan.

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 (2015-2016)

- In collaboration with the Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs of all departments.
Status: There has not been significant progress due to limited staff resources from both IT and Finance. This project will be carried over to 2016/17 and 2017/18.
- Continue with the Customer Care plan to improve customer service.
Status: Annual on-going operational duties.

- In collaboration with the Engineering Department, conduct a territory wide audit of commercial meters to ensure correct billings.
Status: It is now a perpetual audit review collaboration between Engineering and Finance to ensure accurate billings for commercial meters.
- In collaboration with the Engineering and Operations Departments, develop a feasible system for inventory control, procurement and sealift processes.
Status: Annual on-going operational duties.
- Anticipate and optimize financing options to support QEC's Capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
Status: Daily monitoring by reviewing cash balances reporting. QEC plans to submit a request to the GN Financial Management Board for an increase in the GN loan guarantee for capital financing in the spring of 2016 sitting. The request to submit to GN Financial Management Board was approved by the QEC Board in November 2015.
- In collaboration with HR and Organizational Development Department, formulate a succession plan for Board's approval with the objective to place Inuit employees in supervisory and management positions.
Status: The discussion has not commenced yet but still planning to formulate a formal proposal by March 2016.
- Conduct a depreciation study to examine the appropriateness of asset depreciation rates.
Status: The project will not be completed by March 2016 and will be moved to 2016-2017 to be completed in the summer of 2016.
- Procedures on contracting, purchasing and leasing will be analyzed and completed with the mapping of the improved procedures.
Status: The project has not commenced. This will not be completed by March 2016 and will be moved into the following year.

Priorities (2016-2017)

- Prepare a General Rate Application to request new rate to match QEC's revenue requirements and provides several Cost of Service study options. (see section 2.3 – Rate Regulation Activity)
- Conduct a depreciation study to examine the appropriateness of asset depreciation rates.
- Procedures on contracting, purchasing and leasing will be analyzed and completed with the mapping of the improved procedures.
- Focus on the collection of Accounts Receivables to help manage QEC's cash flow.
- Provide financial training for all managers and supervisors to assist with the development of better budgets and cost control.
- In collaboration with the Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs of all departments.
- Review the sealift, inventory control, purchasing and contracting processes to ensure current processes are effective, efficient and follow best practices.

Priorities (2017-2018)

- Develop a plan to pay down and manage QEC's total debt.
- File a General Rate Application.
- Develop a customer survey and feedback through the QEC website.
- In collaboration with all QEC departments, complete the implementation of new ERP system.
- Review asset management including the disposal of unused assets.

Priorities (2018-2019)

- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
- Upon completion of the implementation of the new ERP system, perform follow up reviews to ensure all objectives were met and recommend modifications if needed.

Priorities (2019-2020)

- Work with IT department to assess feasibility of digitalizing all finance documents to reduce paper handling/filing and improve transfers of information between departments.
- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit

Priorities (2020-2021)

- Start preparations for the next General Rate Application.
- Reduce the GN loan guarantee.
- Anticipate and optimize financing options to support QEC's 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 conscious 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 occupational health and safety; establishing a functioning safety program; providing occupational 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 (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.
Status: The work was 80% completed by December 2015 in Rankin Inlet and is expected to be finalized in the spring, prior to the first fuel shipment. The Whale Cove upgrade is expected to be completed by August 2016.
- Successfully complete the External Audit of the Certificate of Recognition (COR) to maintain QEC's accreditation from the Northern Safety Association.
Status: The audit began in February 2016 and it is expected to be completed by March 2016.
- Complete three Phase I & II Environment Site Assessments (ESA's at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
Status: Four ESA's were completed in the communities of Arviat, Whale Cove, Chesterfield Inlet and Repulse Bay in 2015 have been completed and the reports are expected by March 2016.
- Develop an interactive online employee orientation program for new employees.
Status: The custom QEC e-learning health and safety orientation program is expected to be rolled out to all new employees by April 2016.
- Complete Safety and Environmental inspections at all QEC power plants and identify items that require corrective action.
Status: Annual on-going operational duties.
- Complete a soil sampling program at all QEC power plant facilities.
Status: Annual on-going operational duties.
- Continue to develop a waste oil reduction/recycling plan.
Status: The work is on schedule and is expected to be completed by July 2016.
- Complete and roll-out a new QEC Safety Rule book for employees and contractors.
Status: The Rule Book has been finalized and subsequently awarded for printing. Expected distribution date to all worksites in February 2016.
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.
Status: QEC is in the draft stages of the development of the decommissioning plan for all new plants. An internal working group has been tasked with the development of the decommissioning plans. QEC plans to concentrate efforts on Taloyoak and Qikiqtarjuaq as they will be the first new plants built in over 10 years.
- Continue to develop safe work practices and standard operating procedures for QEC employees and contractures.
Status: Annual on-going operational duties.

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.
- Successfully complete the Internal Audit of the Certificate Of Recognition (COR) to maintain QEC's accreditation from the Northern Safety Association
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.

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.

Priorities (2019-2020)

- 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.

Priorities (2020-2021)

- 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 QEC 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 (2015-2016)

- Work towards 60% Inuit employment.
Status: As of December 31, 2015 the percentage of Inuit employment is 54%. Conduct a needs analysis for the corporate training program.
Status: This will be started in early 2016, but will not be completed by March 2016.
- 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.
- *Status:* Human Resources completed the assessment of priorities from previous fiscal year in 2015.
- Development and review of QEC's Departmental Succession Plans for all departments.
Status: The Manager of OD will start the process but it will not be completed by March 2016.
- Rebuild the Human Resources and Organizational Development team and its capacity
Status: Recruiting for: IEP Administrator; HRIS Specialist; HR Generalist; It is anticipated that the above positions will be filled by end of calendar 2016.
- Provide excellence in customer service and support in the areas of Employee and Labour Relations.
Status: Annual on-going operational duties. January 2016, Union Management Consultation Committee (UMCC) established and regular meetings as outlined in the Collective Agreement.
- Build partnerships with the GN in an effort to better align QEC with GN Human Resources practices.
Status: Annual on-going operational duties. January, 2016, Human Resource Policy Review team has been established to actualize this process.

Priorities (2016-2017)

- Work towards 61% Inuit employment.
- Review exit interview process and establish template for both excluded and unionized employees.
- Develop supervising in unionized environment program for managers and supervisors.

Priorities (2017-2018)

- Work towards 62% Inuit employment.
- Review and revise onboarding program
- Review job evaluation program

Priorities (2018-2019)

- Work towards growing Inuit employment and continue to update and evaluate the plan as necessary.
- Assess performance review process.
- Review polices to assess alignment with GN.

Priorities (2019-2020)

- Work towards growing Inuit employment and continue to update and evaluate the plan as necessary.
- Job description review.
- Review mentorship program.

Priorities (2020-2021)

- Continue to work towards growing Inuit employment.
- Review and revise the recruiting process and interview questions as needed.

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 (2015-2016)

- Continue Document/Records management implementation.
Status: Capacity limitations prevent us from moving this project forward at this time.
- Investigate Enterprise Resource Planning (ERP) options.
Status: Preparing RFP for external review of current ERP system and alternatives with an expected completion date of March 2016.
- Re-evaluate core financial software system.
Status: Preparing RFP for external review of current ERP system and alternatives which will include core financial software system requirements with an expected completion date of March 2016.
- Collaborate with Finance on E-billing implementation.
Status: Capacity limitations prevent us from implementing E-billing at this time. Project will resume once the position of Senior Enterprise Systems Specialist has been filled.
- Finalize and implement disaster recovery planning and policies.
Status: Disaster recovery planning and testing for regional offices ongoing. Multi-year project.
- Develop self-study employee training resources for all Information Technology systems.
Status: 50% complete. Employee strike action has caused delays with an expected completion date of March 2017. Multi-year project.
- Continue development of a representative workforce.
Status: Recruitment for the position of Junior IT Generalist in Baker Lake to commenced in fall 2015. Multi-year project.
- Implement satellite communications optimizations.
Status: Preparing cost benefit analysis of current satellite network architecture and identifying alternatives. Upgrade of existing satellite network equipment ongoing. Expected completion of March 2016.

Priorities (2016-2017)

- Upgrade core Information Technology infrastructure.
- Automation of outage information.
- Evaluate bringing new power plants into core satellite network.
- Develop self-study employee training resources for all Information Technology systems.
- Continue development of a representative workforce.

Priorities (2017-2018)

- Assess needs of client departments.
- Upgrade core Information Technology infrastructure.
- Begin the evaluation of ITSM (Information Technology Service Management) frameworks and standards.

- Continue development of a representative workforce.

Priorities (2018-2019)

- Review all Information Technology systems.
- Continue development of a representative workforce.

Priorities (2019-2020)

- Review all Information Technology policies and procedures.
- Continue development of a representative workforce.

Priorities (2020-2021)

- Review structure of the Information Technology department.
- Continue development of a representative workforce.

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 employees are supported by electrical, mechanical and line trades people 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 (2015-2016)

- Collaborate with Engineering to continue power plant replacement program.
Status: Annual on-going operational duties.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
Status: Smart meters installed in Iqaluit.
- Continue implementation of a maintenance management system to assist in resource planning and forecasting.
Status: Gathering information from Nunavut regional supervisors. The maintenance management system is expected to be completed by March 2016.
- Continue to develop module based Plant Operator training.
Status: Annual on-going operational duties.
- Clean and inspect vertical bulk fuel tanks in Rankin Inlet and Cambridge Bay.
Status: Cambridge Bay Completed. Rankin Inlet has been delayed until the following year.
- Plant specific live line lockout reviews at all plants.
Status: 11 sites are completed with the remainder to be completed by September 2016.

- Test a solution to run the Whale Cove plant in automatic.
Status: All material is on site and is expected to be completed by March 2016.
- Annual tradesman training.
Status: Annual on-going operational duties.
- Annual crane inspection at all plants.
Status: Annual on-going operational duties.
- Annual fire alarm inspection in all required buildings.
Status: Annual on-going operational duties.
- Annual boom truck inspection.
Status: Annual on-going operational duties.
- Switch gear breaker maintenance.
Status: Annual on-going operational duties.
- Feeder riser maintenance in Kitikmeot and Kivalliq regions.
Status: Annual on-going operational duties.
- Hall Beach wiring maintenance – point to point checks.
Status: Completed.

Priorities (2016-2017)

- Collaborate with Engineering, Information Technology, Finance and federal government to investigate additional Smart Metering projects.
- Correct deficiencies to SCADA system phase 1.
- Plant Operator training in the new Qikiqtarjuaq plant
- Plant Operator training in the new Taloyoak plant.
- Clean and inspect vertical bulk fuel tank in Pangnirtung and Rankin Inlet.

Priorities (2017-2018)

- Collaborate with Engineering, Information Technology, Finance and federal government to investigate additional Smart Metering projects.
- SCADA system phase 2, collaborate with engineering to procure hardware/software and install in 7 Kivalliq power plants.
- Clean and inspect vertical bulk fuel tank in Clyde River.

Priorities (2018-2019)

- Collaborate with Engineering, Information Technology, Finance and federal government to investigate additional Smart Metering projects.
- Clean and inspect vertical bulk fuel tank in Iqaluit.
- SCADA system phase 3, collaborate with engineering to procure hardware/software and install in 12 Qikiqtaaluk power plants.

Priorities (2019-2020)

- Collaborate with Engineering, Information Technology, Finance and federal government to investigate additional Smart Metering projects.

Priorities (2020-2021)

- Collaborate with Engineering, Information Technology, Finance and federal government to investigate additional Smart Metering projects.

5.0 Conclusion

Qulliq Energy Corporation is committed to ensuring that we provide safe, reliable, sustainable and economic energy supply and service in Nunavut. We recognize the need to reduce our dependence on fossil fuel and are actively seeking ways to enhance our operation practices. We continue to expand and enhance the ways in which we communicate with our communities and examine methods to improve the interaction with our customers.

We look forward to strengthening our workforce through training and development of local representatives. Ensuring that Inuit Qaujimajatuqangit approaches are incorporated into day-to-day operations is key to having a positive and representative workforce. It is through strong leadership; transparency and diligent oversight that we will ensure our goals and priorities are achieved.

Julie-Anne Miller

Chairperson, Board of Directors
Qulliq Energy Corporation

Appendix A – 2016-17 Capital Plan

Line No.	2016/17 Capital Budget by Community		
	Community	Description	Budget 2016/17
1	Kitikmeot	Oil Water Filtration System	12,000
2	Cambridge Bay	G3 replace & upgrade due to hours @ 100k	1,177,000
3		Distribution upgrade tower site	1,080,000
4		Capacity Increase/CHARS - Power Supply	2,751,000
5		Plant Fire Alarm system	97,000
6	Gjoa Haven	Genset Upgrade - G4	534,000
7	Kugaaruk	Plant Fire Alarm system	97,000
8	Kugluktuk	Upgrade fuel supply line (to meet regulation)	319,000
		Subtotal - Kitikmeot Region	6,067,000
9	Kivalliq	Oil Water Filtration System	12,000
10	Rankin Inlet	G5 Heat Exchange Replacement	140,000
11		G6 3 Way Valve Installation	115,000
12		DPW DHS Distribution Pipe Replacement	109,000
13		Pole Trailer	31,000
14		Wire Reel Trailer	22,000
15	Baker Lake	Genset Replacement/ Upgrade (G1 - Cat 3512)	1,401,000
16	Arviat	Genset Replacement (G3 - Cat 3516)@85k	1,154,000
17	Coral Harbour	Upgrade fuel supply line (to meet regulation)	153,000
18	Chesterfield Inlet	Replace Engine G1 Series 60	102,000
19	Naujaat	Emergency Unit	1,589,000
20		G2 Upgrade (Priority 4 on Ops list)	761,000
21		RBD Line Truck	229,000
		Subtotal - Kivalliq Region	5,818,000
22	Qikiqtaaluk	Oil Water Filtration System	12,000
23	Iqaluit	Fall Arrest System	178,000
24		Bulk Fuel Tank Upgrade	1,013,000
25	Pangnirtung	Plant Replacement -Fire Insurance	15,581,000
		Plant Replacement -Fire Insurance Proceeds	(15,581,000)

26	Cape Dorset	New Power Plant Design / Build \$25 million	5,913,000
27	Resolute Bay	Feeder Conversion	140,000
28	Pond Inlet	Fuel Storage Upgrade	306,000
29		Substation upgrade	294,000
30		Waste Oil Burner for Quonset	19,000
31	Igloolik	Fence - security	217,000
32	Hall Beach	Genset Capacity Increase G4	906,000
33		Waste Oil Burner for Quonset	19,000
34	Qikiqtarjuaq	Line Truck - RBD	229,000
35	Kimmirut	Replace Engine G2 - Series 60	102,000
36		Upgrade fuel supply line (to meet regulation)	153,000
37	Clyde River	Emergency Unit	255,000
38		Genset replacement G2 - Capacity	1,311,000
39		Fence - security	294,000
40	Grise Fiord	New Power Plant - design and build	1,915,000
		Subtotal - Qikiqtaaluk Region	13,276,000
41	Nunavut/ Corporate	IT Capital Equipment	21,000
42		Unidentified Capital Projects & 2017/18 Project Preparation	1,000,000
		Subtotal - Nunavut/Corporate	1,021,000
		Total	\$26,182,000

Appendix B – 2016-2017 Operations & Maintenance Budget

**Qulliq Energy Corporation
2016-2017 Budget
Summary Report**

TOTAL REVENUE	137,528,709
Fuel & Lubricants	54,772,119
Compensation and Benefits	34,743,773
Supplies & Services	26,310,740
Travel & Accommodation	4,409,190
TOTAL OPERATING EXPENSES	120,235,822
Corporate Expenses	16,005,385
Surplus (Deficit)	1,287,502

Note: Budget was approved by the Board of Directors on December 17, 2015.

Appendix C – Employment Summary

Qulliq Energy Corporation December 31, 2015							
Employment Summary, by category:							
	Total Positions				Beneficiaries		
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP	
Executive	2	1	1	50%	1	100%	
Senior Management	7	0	7	100%	0	0%	
Middle Management	22	0	22	100%	1	5%	
Professional	13	4	9	69%	0	0%	
Paraprofessional	98	12	86	88%	42	49%	
Administrative Support	69	11	58	84%	55	95%	
Total Department	211	28	183	87%	99	54%	
Employment Summary, by Community:							
Arctic Bay	200	2	0	2	100%	2	100%
Qikiqtarjuaq	205	2	0	2	100%	2	100%
Cape Dorset	210	2	0	2	100%	2	100%
Clyde River	215	2	0	2	100%	2	100%
Grise Fiord	220	2	0	2	100%	2	100%
Hall Beach	225	2	0	2	100%	2	100%
Igloolik	230	2	0	2	100%	2	100%
Iqaluit	235	90	13	77	86%	23	30%
Kimmirut	240	2	0	2	100%	1	50%
Nanisivik	245	0	0	0	0%	0	0%
Pangirtung	250	2	0	2	100%	2	100%
Pond Inlet	255	2	0	2	100%	2	100%
Resolute Bay	260	2	0	2	100%	2	100%
Sanikiluaq	265	2	0	2	100%	2	100%
Arviat	300	2	0	2	100%	2	100%
Baker Lake	305	46	9	37	80%	21	57%
Chesterfield Inlet	310	2	0	2	100%	2	100%
Coral Harbor	315	2	0	2	100%	2	100%
Rankin Inlet	320	20	4	16	80%	10	63%
Repulse Bay	325	2	0	2	100%	2	100%
Whale Cove	330	2	0	2	100%	2	100%
Bathurst Inlet	400	0	0	0	0%	0	0%
Umingmakotok	405	0	0	0	0%	0	0%
Cambridge Bay	410	13	1	12	92%	5	42%
Gjoa Haven	415	2	1	1	50%	1	100%
Kugluktuk	420	2	0	2	100%	2	100%
Kugaaruk	425	2	0	2	100%	2	100%
Taloyoak	430	2	0	2	100%	2	100%
Yellowknife	505	0	0	0	0%	0	0%
Ottawa	605	0	0	0	0%	0	0%
Winnipeg	602	0	0	0	0%	0	0%
Churchill	601	0	0	0	0%	0	0%
Total Other	0	0	0	0%	0	0%	
Total Community	211	28	183	87%	99	54%	
Employment summary, by Headquarters & Region							
Headquarters	90	13	77	86%	23	30%	
Regions	121	15	106	88%	76	72%	
Total	211	28	183	87%	99	54%	