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UTILITY RATES REVIEW COUNCIL OF NUNAVUT

IGLUIN AULATJUTITIGUN AKITUTILAANGINNUT KATIMAYIIT NUNAVUNMI

CONSEIL D'EXAMEN DES TAUX DES ENTREPRISES DE SERVICES DU NUNAVUT

2017  
ANNUAL REPORT  
UTILITY RATES REVIEW COUNCIL  
OF NUNAVUT



# UTILITY RATES REVIEW COUNCIL OF NUNAVUT

## ANNUAL REPORT

For the year ending March 31, 2017

## The Utility Rates Review Council of Nunavut

### 1. MANDATE

The *Utility Rates Review Council Act*, created in the spring of 2001, and amended in the summer of 2010, gives the power to the Utility Rates Review Council of Nunavut (URRC) to provide advice to ministers regarding rates and tariffs to be charged by designated utilities and any other matters as requested and directed by the minister responsible for the URRC (Review Council).

Under the Act, a designated utility is defined as *a utility or a member of a class of utilities designated in the regulations*:

Additionally, a utility is any of the following that provides goods or services to the public:

- (a) *a corporation that is owned or controlled by the Government of Nunavut, and to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (b) *a department or administrative division of the Government of Nunavut to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (c) *a person or organization not mentioned in paragraph (a) or (b) to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a)*

The Qulliq Energy Corporation and as a consequence Nunavut Power Corporation, as Designated Utilities, are subject to the URRC through the *Utility Rates Review Council Act*.

## **2. PURPOSE**

The purpose of the Review Council as outlined in Section 7 of the URRC Act:

*The purposes of the Review Council are to:*

- (a) advise the responsible Minister of a designated utility concerning the imposition of rates and tariffs in accordance with Sections 11 to 18.*
- (b) advise the responsible Minister of a utility other than a designated utility with regard to any questions that the responsible Minister refers to it concerning rates, tariffs and rate structures,*
- (c) advise the responsible Minister for any utility concerning any matter related to the utility that is referred to it by the responsible Minister on the advice of the Executive Council,*
- (d) advise any Minister concerning any matter related to charges for the provision of goods and services that is referred to it by the Minister on the advice of the Executive Council,*
- (e) advise the Minister responsible for the Qulliq Energy Corporation, concerning applications for permission for major capital projects under Section 18.1 of the Qulliq Energy Corporation Act.*

## **3. ORGANIZATION**

The Review Council consists of five members appointed for a term of three years. The Minister responsible for the URRC appoints members of the Review Council and designates one member of the Review Council as chair and one member as vice-chair.

As of March 31, 2017, the following URRC members are:

Anthony Rose	Chair
Graham Lock	Vice-Chair
Jimmy Akavak	Member
Robbin Sinclair	Member
Nadia Ciccone	Member

### Temporary Members

The responsible Minister for the URRC, on the request of the council, may appoint, in addition to the members appointed under Section 3 (1) of the URRC Act, no more than two temporary members of the Review Council for the purpose of dealing with a particular matter before the Review Council and may specify the terms and duties of the temporary members. Temporary members were not required for this fiscal year.

### Executive Director

Under Section 3 (9), the Review Council may appoint an executive director and fix the terms and conditions of the appointment. Duties of executive director are set out under Section 3 (10). The executive director shall (a) keep a record of all proceedings of the Review Council and have custody of all of the Review Council's records and documents; and (b) perform any other duties that may be assigned by the Review Council.

### Consultants

Mr. Chellaraj (Raj) Retnanandan has been retained on contract as per Section 8 (1) (b) of the URRC Act as an advisor to the URRC. Mr. Retnanandan comes to the URRC with extensive knowledge and expertise in energy management and regulatory consultations.

Mr. John Donihee continues to be retained as per Section 8 (1) (b) of the URRC Act, as Legal Counsel to the URRC. Mr. Donihee comes to the URRC with extensive knowledge and expertise in energy and indigenous law, in addition to regulatory consultations.

## **BUDGET**

In 2016-2017 the Review Council operating and maintenance budget was \$475,000. The Review Council remained within its budget for the year.

## **4. SUMMARY OF 2016-2017 RECOMMENDATIONS:**

**The following recommendations were made with respect to rates in regards to the applications for Fuel Stabilization Riders (FSR) for the periods April 1, 2016 to September 30, 2016 and October 1, 2016 to March 30, 2017.**

Upon review of QEC's applications, the URRC decided to treat the FSR applications as minor applications as stated in the Act:

Section 13. (1.1) of the Act provides that:

Where, in the opinion of the Review Council, the application for the proposed rate or tariff is a minor application, the Review Council shall report to the responsible Minister within 90 days of receiving the responsible Minister's request for advice under subsection 12 (2).

The Qulliq Energy Corporation (QEC), as a designated utility, is required pursuant to Section 12 (1) of the Utility Rates Review Council Act (Act), to seek approval from the responsible Minister for the QEC, prior to imposing a rate or tariff. The responsible Minister in turn is required pursuant to Section 12 (2) of the Act, to seek the advice of the URRC on the utility's request to impose a rate or tariff.

## **Fuel Stabilization Rate Refund Rider April 1, 2016 – September 30, 2017**

By Letter dated March 31, 2016, QEC applied to the Minister responsible for QEC, requesting approval for a Fuel Stabilization Rate (FSR) refund rider of 3.07 cents per kWh, from April 1, 2016 to September 30, 2016. By letter dated March 31, 2016, the Minister responsible requested advice from the URRC with respect to the application.

In its application, the Corporation requested approval of the 3.07 cents per kWh FSR refund rider on an interim refundable basis, effective April 1, 2016.

The URRC met to discuss the application and, by letter dated April 11, 2016 recommended approval of an interim FSR refund rider of 3.07 cents per kWh, from April 1, 2016 to September 30, 2016.

Under Section 13 (1) of the Act it states:

The Review Council, shall report to the responsible Minister its recommendation that:

- a) the imposition of the proposed rate or tariff should be allowed,
- b) the imposition of the proposed rate or tariff should not be allowed, or
- c) another rate or tariff specified by the Review Council should be imposed

In accordance with the above the URRC recommended, in report 2016-02, that a fuel stabilization refund rider of 3.07 cents per kWh be approved for QEC, for the period April 1, 2016 to September 30, 2016.

## **Fuel Stabilization Rate Refund Rider October 1, 2016 – March 30, 2017**

By Letter dated October 7, 2016, QEC applied to the Minister responsible for QEC, requesting approval for a Fuel Stabilization Rate (FSR) refund rider of 5.26 cents per kWh, from October 1, 2016 to March 31, 2017. By letter dated October 7, 2016, the Minister responsible requested advice from the URRC with respect to the application.

In its application, the Corporation requested approval of the 5.26 cents per kWh FSR refund rider on an interim refundable basis, effective October 1, 2016.





session on “*Experience in Regulating Mega Projects*”. This meeting is beneficial because it brings together a more intimate discussion on regulatory issues.

Please see *Appendix I* for a list of CAMPUT members and its executive committee.

## **6. A LOOK AHEAD AT 2017-2018**

By letter dated February 20, 2017, the Minister responsible for QEC requested advice from the URRC with respect to a QEC application for a Fuel Stabilization Rate refund rider of 8.23 cents per kWh, from April 1, 2017 to September 30, 2017. The URRC will present its report to the Minister responsible for QEC on or before May 12, 2017.

The URRC is expecting QEC to file two Major Project Permit Applications. The intent is to replace the power plants in Arctic Bay and Kugluktuk. They are also expected to file for a General Rate Application (GRA) in the fall of 2017.

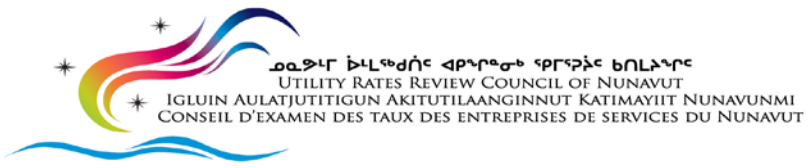
As part of the Council’s continuing education, the URRC is represented at several CAMPUT events.

In May 2017, the chair and two council members are expected to attend the annual CAMPUT conference. It will be held in Vancouver, British Columbia. The theme is “Energy and regulation in Transition – Charting the Course”.

In 2017, a few URRC members are participating in the Utility Rates School of the National Association of Regulatory Commissioners (NARUC).

In June 2017, the URRC will have a new member attend the CAMPUT Energy Regulation Course in Kingston.

In May 2018, CAMPUT’s Annual Conference will be hosted by Ontario.



Finally, throughout 2017 and early 2018, the URRC will prepare to host CAMPUT's AGM in August 2018.

**ON BEHALF OF THE NUNAVUT UTILITY RATES REVIEW COUNCIL**

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**DATED March 07, 2017**

**Anthony Rose, chair**

## Appendix I

### **CAMPUT Member Boards:**

The current CAMPUT membership includes the following federal, provincial and territorial boards and commissions:

- Alberta Utilities Commission
- British Columbia Utilities Commission
- Manitoba Public Utilities Board
- National Energy Board
- New Brunswick Energy and Utilities Board
- Newfoundland & Labrador Board of Commissioners of Public Utilities
- Northwest Territories Public Utilities Board
- Nova Scotia Utility and Review Board
- Nunavut Utility Rates Review Council
- Ontario Energy Board
- Prince Edward Island - Island Regulatory and Appeals Commission
- Régie de l'énergie du Québec
- Saskatchewan Rate Review Panel
- Yukon Utilities Board

### **CAMPUT Associate Members:**

Alberta Energy Regulator

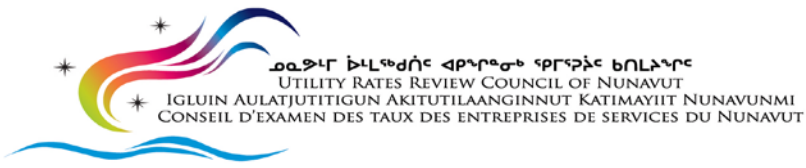
Canada - Nova Scotia Offshore Petroleum Board (CNSOPB)

Canadian Nuclear Safety Commission (CNSC)

Comisión Reguladora de Energía (CRE), Mexico

Utilities Regulation & Competition Authority (URCA), Bahamas

NOTE: While CAMPUT has 14 member boards and commissions, and 5 associate member boards and commissions, all current board members/commissioners and staff of member boards and commissions are considered to be individual members of CAMPUT.



## CAMPUT Executive Committee:

The affairs of CAMPUT are directed and managed by its Executive Committee which is elected annually from the Association's membership. The Committee comprises the chair, vice-chair, past-chair, Secretary-Treasurer, chair of the Education Committee, and the chair of the regulatory affairs committee. The executive director of CAMPUT provides support to the executive committee and manages the day-to-day operations of the association.

Willie Grieve, Q.C., Past-Chair  
Board/Commission: Alberta Utilities Commission  
(403) 592-4525  
willie.grieve@auc.ab.ca

Murray Doehler, Chair  
Board/Commission: Nova Scotia Utility and Review Board  
(902) 424-4448  
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Louis Legault, Vice-Chair  
Board/Commission: Régie de l'énergie  
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Jamie Ballem, Secretary-Treasurer  
Board/Commission: National Energy Board  
(902) 629-1581  
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Christine Long, Co-Chair, Regulatory Affairs  
Board/Commission: Ontario Energy Board  
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Karen Keilty, Chair, Education  
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**CAMPUT Executive Director:**  
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