

THE NORTHWEST TERRITORIES

PUBLIC UTILITIES BOARD

ANNUAL REPORT

**For the year ending
December 31, 2019**

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THE NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD

Mandate

The Public Utilities Board of the Northwest Territories (“**Board**”) is an independent regulatory agency of the Territorial Government operating under and administering the *Public Utilities Act* (“**Act**”). The Board is primarily responsible for the regulation of energy utilities in the Northwest Territories (“**NWT**”), to ensure that the rates charged for energy are fair, just and reasonable. It is also responsible for ensuring utility operators provide safe, adequate and secure services to their customers.

Board Organization

The Board consists of a part time Chairperson and four part time members. The Board Secretary, who reports to the part time Chairperson, administers the office. As the chief executive officer, the Chairperson presides over sittings of the Board and supervises Board employees.

The Board requires specialized assistance and so has contracts for legal counsel and technical expertise. No changes are contemplated, as the arrangement is cost effective.

The Minister Responsible for the Board, upon the recommendation of the Executive Council, appoints members of the Board. At the end of 2019, the Board consisted of the following persons:

Chairperson	Gordon Van Tighem, Yellowknife, Northwest Territories
Vice-Chairperson	Tina Gargan, Fort Providence, Northwest Territories
Member	Charlie Furlong, Aklavik, Northwest Territories
Member	Danny Yakeleya, Tulita, Northwest Territories
Member	Myra Berrub, Hay River, Northwest Territories

The Board was assisted by:

Board Secretary	Louise Beaulieu, Hay River, Northwest Territories
Legal Counsel	Ayanna Catlyn, Field Law, Yellowknife, Northwest Territories
Consultant	Raj Retnanandan, Energy Management & Regulatory Consulting Ltd., Calgary, Alberta

REGULATORY JURISDICTION

Following are the utilities subject to the Board's jurisdiction:

Northwest Territories Power Corporation
Head Office: Hay River, Northwest Territories

Stittco Utilities NWT Ltd.
Head Office: Hay River, Northwest Territories

Northland Utilities (NWT) Limited
Head Office: Hay River, Northwest Territories

Northland Utilities (Yellowknife) Limited
Head Office: Yellowknife, Northwest Territories

The Town of Norman Wells
Head Office: Norman Wells, Northwest Territories

Aadrii Ltd.
Head Office: Yellowknife, Northwest Territories

Inuvik Gas Ltd.
Head Office: Inuvik, Northwest Territories

UTILITY REGULATION

The need for regulation arises because utilities generally provide service on a monopoly basis without the economic controls of competition. The Board is the proxy for competition and attempts to ensure efficiency and fair pricing. The principles of rate regulation rest on fairness to both the utility and the consumer.

Energy utilities, as defined in the *Act*, are subject to Board regulation. The Board's principal responsibility is to ensure that each utility provides safe, adequate service at rates which are just and reasonable. When it receives an application to set rates, primarily through a General Rate Application (“**GRA**”), the Board must balance the competing interests of consumers, and the utilities. Rates are set through a public hearing process. The Board's objective through the hearing process is to guarantee that the public interest is served and protected.

Public involvement is an essential component of the regulatory process. The Board ensures the opportunity for public participation by directing the applicant to publish a notice, approved by the Board, advising that a hearing is to be held to consider the application. The notice may be published in newspapers throughout the utility's service area, included in each customer's monthly billings, or such other method that the Board considers appropriate.

The Board has the authority to award costs at the conclusion of a hearing. Interveners before the Board may receive up to 100% of their reasonably incurred costs provided that, in the Board's opinion, the intervention contributed in a meaningful way to the Board's understanding of the application.

Interveners are interested parties who register with the Board and receive copies of the application and all written questions and answers.

Interveners may take an active role in the hearing process. They may submit written questions, give evidence, call expert witnesses, and cross-examine the applicant. The applicant, as well as other interveners, is provided the opportunity to cross-examine the intervener and the intervener's expert witnesses. Alternatively, the intervener may choose to not actively participate in the hearing, but simply receive all available information.

After hearing and reviewing the evidence, the Board issues its Decision on the application. The Board may reject the rate change, modify it, or approve it as requested.

The Board also approves major capital projects, the issuance of long-term debt and municipal franchise agreements.

2019 HIGHLIGHTS

The Board's activities during 2019 was the review of the GRA Minimum Filing Requirements ("**MFR**") and Standardized System of Accounts ("**SSA**"). The Board also initiated a proceeding for the review of the regulatory status of Stittco Utilities NWT Ltd ("**Stittco**"), to assess whether continuance of light-handed regulation as approved in Decision 9-94 continues to be appropriate for the company.

GRA MFR and SSA

In accordance with the five year review schedule set out in Decision 13-2014, the Board initiated a process for the review of the MFR and SSA. The findings with respect to changes in MFR, other filing recommendations, direction on SSA and guidance on process related matters for proceedings before the Board, was approved in Decision 9-2019.

Stittco Utilities NWT Ltd

The Board Initiated Proceeding to Review Stittco

After the Board received Stittco's Financial Statements for years ended July 31, 2016 and July 31, 2017, the Board initiated a proceeding to review Stittco. The Board issued Decision 7-2019 accepting that sufficient competition exists in the Hay River market for supply of propane based on the evidence and to continue the existing light-handed regulation of Stittco.

Other Matters

The Board dealt with other regulatory matters that are detailed in the decision summary.

Board members participated in the Annual Conference and Annual General Meeting hosted by the Canadian Association of Members of Public Utility Tribunals ("**CAMPUT**"). CAMPUT is the Board's primary resource for providing staff and Board members with training and education in areas of utility regulation.

Ms. Danny Yakeleya attended the 2019 CAMPUT Annual Conference in Calgary AB on, May 5 to 8, 2019.

Ms. Louise Beaulieu attended the 2019 CAMPUT Conference and Annual General Meeting in Halifax NS, on September 29 to October 2, 2019.

A LOOK AHEAD

Major activities carrying forward from 2019 include the 5 year Capital Plan for NTPC, 3 or 4 Project permit applications and an anticipated GRA application from Northland Utilities (Yellowknife) Limited (“**NUL YK**”) Limited once the status of Northland Utilities (NWT) Limited (“**NUL NWT**”) resolves. Our monitoring of developments with Inuvik Gas Ltd. and Town of Norman Wells conversions and other evolutionary activities involving local propane suppliers continues.

Our new website continues to develop as a useful tool for those seeking information on utility regulation. Ongoing development of Board Members through our affiliation with CAMPUT and circulation of international industry updates, maintains their currency.

Ongoing NWT Electricity Policy

The nature and structure of the electric industry in the NWT continues to evolve. Consumers continue to consume energy from the grid, but are now producing energy to be put into the grid while distributed generation and community generation are necessitating changes to the network. On the system side, utilities and the communities they serve are indicating increased readiness to accept energy efficiency, demand response, renewable energy and energy storage, among other emerging trends.

In light of a changing industry we are anticipating the opportunity to lead a thorough review of our regulatory policies and legislative framework in order to develop recommendations to anticipate and adapt to our future.

As a unique jurisdiction, we continue to be invited to participate in National events representing the remote service area we regulate. We provide regular updates regarding the innovation and efficiencies we in the NWT have developed while serving our markets, some of which are being adapted in other areas.

SUMMARY OF 2019 BOARD DECISIONS

DECISION 1-2019

April 9, 2019

Application:

By letter dated March 15, 2019, the Northwest Territories Power Corporation (“NTPC”) submitted a request to amend the Terms and Conditions of Service (“TCS”).

Order:

After review of application, the Board accepted and approved NTPC’s request to amend its TCS, effective May 1, 2019.

DECISION 2-2019

April 17, 2019

Application:

By letter dated April 8, 2019, NUL YK filed an application requesting approval of an adjustment to Rider F, applicable to the City of Yellowknife customers, effective May 1, 2019.

Order:

The Board reviewed the schedules and information provided by NUL YK and approved rate rider, effective May 1, 2019.

DECISION 3-2019

April 17, 2019

Application:

By letter dated April 8, 2019, NUL NWT filed an application requesting approval of an adjustment to Rider F, applicable to the Hydro Rate Zone, effective May 1, 2019.

Order:

The Board reviewed the schedules and information provided by NUL NWT and approved rate rider, effective May 1, 2019.

DECISION 4-2019

April 26, 2019

Application:

By letter dated March 15, 2019, NTPC submitted a Rate Stabilization Fund (“RSF”) Rider Application, May 1, 2019 to reduce the balance in the RSF.

Order:

36. The Board reviewed the application provided by NTPC and approved the RSF Rider effective May 1, 2019 as follows:

	RSF Rider 3 - Year Collection c/kWh
Snare Zone Bulk	0.69
Snare Zone Retail	0.70
Taltson Zone Retail	0.99
Thermal Zone Retail	0.90

DECISION 5-2019

April 30, 2019

Application:

By email dated April 29, 2019, NTPC submitted its RSF Rider Rate Schedules, in accordance with Decision 4-2019.

Order:

The Board had reviewed and approved the rate schedules, effective May 1, 2019.

DECISION 6-2019

May 23, 2019

Application:

By letter dated May 8, 2019, NUL YK filed an application requesting approval of an adjustment to Rider F, applicable to the City of Yellowknife customers, effective June 1, 2019.

Order:

The Board reviewed the schedules and information provided by NUL YK and approved rate rider, effective June 1, 2019.

DECISION 7-2019

August 8, 2019

Application:

By letter dated February 4, 2019, the Board initiated a review of Stittco's cost structure and regulatory status with a view to assessing whether continuance of light-hand regulation as approved in Decision 9-94 continues to be appropriate, for the company.

Order:

After the review process, the Board accepted that sufficient competition exists in the Hay River market for supply of propane. The Board concluded that continuance of the existing light-handed regulation of Stittco is appropriate.

DECISION 8-2019

October 29, 2019

Application:

By letter dated August 14, 2019, the Counsel for the Town of Hay River ("**Hay River**"), Mr. Thomas D. Marriott, made an Application to the Board for intervener costs with respect to the Board initiated proceeding to review Stittco's regulatory status. The costs consisted of Legal Fees, and Consultant Fees totaling \$7,742.20

Order:

The Board awarded costs in the amount of \$7,742.00 to the Hay River.

DECISION 9-2019

November 13, 2019

Application:

By letter dated January 7, 2019, the Board initiated a process for the review of the GRA MFR, in accordance with the five year review schedule set out in Decision 13-2014.

Order:

The findings with respect to changes in MFR, other filing recommendations, direction on SSA and guidance on process related matters for proceedings before the Board, all summarized in Section 5, are approved.