

2020 ANNUAL REPORT



NORTHWEST TERRITORIES
PUBLIC UTILITIES BOARD



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**For the year ending
December 31, 2020**

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THE NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD

Mandate

The Northwest Territories Public Utilities Board (“**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 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 2020, 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, Yellowknife, Northwest Territories

The Board was assisted by:

Board Secretary	Doris Minoza, Hay River, Northwest Territories
Legal Counsel	Ayanna Ferdinand 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.

2020 HIGHLIGHTS

March 26, 2020 was when the Covid-19 global pandemic changed life as we knew it and the Government of the Northwest Territories temporarily shut down its offices. Louise Ann Beaulieu, who was with the PUB Board for 28 years retired on June 26, 2020. The new Board Secretary started June 1, 2020 and has settled into her new position. Despite the physical disruption of our workplace; this has not affected the PUB business mandate and operations. Since June 2020 we have been working from the office.

The Board's activities during 2020 were to review and approve:

Stittco Utilities NWT Limited

- Decision 1-2020 Compliance Filing for January 21, 2020
- Rate Change Requests for September 1, 2020.
- Rate Change Request for October 1, 2020.
- Rate Change Request for January 1, 2021.

Northland Utilities Yellowknife Limited and Northland Utilities NWT Limited

- Decision 2-2020 and Decision 3-2020 for 2019 Financing January 24, 2020.

City of Yellowknife and Cost Claims by Thermal Generation Communities

- Decision 4-2020 Standardized System of Accounts and GRA Minimum Filing Requirements for February 12, 2020.

Northland Utilities NWT Limited

- Decision 5-2020 Fuel Cost Adjustment Rider (Rider A) Application for April 24, 2020

Northwest Territories Power Corporation

- 5 Year Capital Plan for May 22, 2020.
- Semiannual Filing for Acknowledgement-Interruptible Rates for Heating for August 28, 2020.
- Decision 6-2020 Long Term Debt Issue for September 16, 2020.
- Interruptible Heat Rate for October 1, 2020.
- 2019/20 Annual Report of Finances and NTPC Hydro Annual Report for December 4, 2020.

Northwest Territories Power Corporation and Northland Utilities Limited

- Transfer of Assets – Hay River Franchise Area for November 9, 2020.

Town of Norman Wells – Gas

- Status of the Norman Wells Gas Distribution System January 29, 2020.
- Letter regarding Norman Wells Gas System Decommission for March 30, 2020.

NWT Public Utilities Board

- Rules on Costs for February 21, 2020
- Letter to Minister regarding Review of Public Utilities Act and Related Legislation to meet the requirements of a changing electric industry for May 1, 2020.

Northland Utilities Yellowknife Limited and City of Yellowknife

- Decision 7-2020 Franchise Renewal Agreement for 5 years for December 23, 2020.

Other Matters

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

Board members did not travel due to Covid-19 NWT/Alberta border travel restrictions.

Board members did participate in the online zoom courses 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. Doris Minoza has successfully completed online courses with the Foundation of Administrative Justice with certificates.

A LOOK AHEAD

Major activities carrying forward from 2020 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 within the NWT. 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 adopted in other areas.

SUMMARY OF 2020 BOARD DECISIONS

DECISION 1-2020

January 21, 2020

Application:

By letter dated October 7, 2019, Stittco Utilities (NWT) Limited (“**Stittco**”) proposed the use of the Edmonton Wholesale Propane Price as a benchmarking index for calculation of price changes.

Order:

After review of application, the Board directed that the monitoring mechanism accepted by the Board in this Decision be followed every time. Stittco was approved for a rate change, effective January 21, 2020.

DECISION 2-2020

January 24, 2020

Application:

By letter dated December 10, 2019, Northland Utilities (NWT) Limited filed an application for approval to issue a long term debt instrument in the amount of \$5,110,000, by way of an unsecured debenture with an interest rate of 2.996%, due September 7, 2049 to ATCO Electric Ltd.

Order:

The Board approved to issue a 2.996% debenture in the principal amount of \$5,110,000 to ATCO Electric Ltd. The Board will examine the rate of interest and other terms applicable to this financing when it hears Northland’s next General Rate Application.

DECISION 3-2020

January 24, 2020

Application:

By letter dated April 8, 2019, Northland Utilities (Yellowknife) Limited applied for approval to issue a long term debt instrument in the amount of \$200,000, by way of an unsecured debenture with an interest rate of 2.996% due September 7, 2049 to ATCO Electric Ltd. The debenture issued will rank equally and without preference with all other unsecured indebtedness of Northland.

Order:

The Board reviewed and approved to issue a 2.996% debenture in the principal amount of \$200, 000 to ATCO Electric.

DECISION 4-2020

February 12, 2020

Application:

By letter dated November 21, 2019, the cost claims filed was for initiating a review of the GRA Minimum Filing Requirements.

Order:

The Board reviewed and approved the amount of \$6,703.37 for the Thermal Generation Communities Intervenors Cost and approved the amount of \$1,992.50 for the City of Yellowknife Intervenors Cost.

DECISION 5-2020

April 24, 2020

Application:

By email dated April 17, 2020, NUL NWT filed an application to adjust Rider A, applicable to all NUL NWT customers, effective May 1, 2020.

NUL NWT also requested approval to remove the true-up component of the Purchase Power Cost Adjustment (Rider F) as originally scheduled in Northland's April 8, 2019 Rider F application, which was approved in Decision 3-2019.

Order:

The Board had reviewed and approved the proposed Rider A, effective May 1, 2020.

The Board approved the proposed Rider F, effective May 1, 2020.

DECISION 6-2020

September 16, 2020

Application:

By letter dated September 10, 2020, NTPC filed an application requesting approval to issue long term debt in the amount of \$40 million, effective July 29, 2020.

Order:

The Board reviewed the schedules and information provided by NTPC and approved of \$40 million borrowing by way of a long term debt issue in accordance with NTPC's proposals, effective September 16, 2020.

DECISION 7-2020

December 23, 2020

Application:

By letter dated October 31, 2020, the City of Yellowknife (“**the City**”) and Northland Utilities (Yellowknife) Limited (“**Northland**”) reached an agreement to extend their electricity franchise agreement for a five year term to December 31, 2025. In accordance with the Cities, Towns, and Village Act, City Council passed By-law No. 5029 extending the agreement for the supply and distribution of electrical power to users within the City, effective November 4, 2020.

Order:

The Board reviewed the The Electricity Franchise Agreement filed with the Board by the City of Yellowknife and Northland by letter dated October 31, 2020 and approved same.

Northland Utilities (Yellowknife) Limited shall supply energy to meet the reasonable needs of the franchise area.

Northland Utilities (Yellowknife) Limited shall indicate on the face of each customer’s bill the amount of the franchise fee included therein, effective December 23, 2020.