

2022 ANNUAL REPORT



**NORTHWEST TERRITORIES
PUBLIC UTILITIES BOARD**



THE NORTHWEST TERRITORIES

PUBLIC UTILITIES BOARD

ANNUAL REPORT

**For the year ending
December 31, 2022**

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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 2022, the Board consisted of the following persons:

Chairperson	Gordon Van Tighem, Yellowknife, Northwest Territories
Vice-Chairperson	Tina Gargan, Fort Providence, Northwest Territories
Member	Danny Yakeleya, Tulita, Northwest Territories
Member	Myra Berrub, Yellowknife, Northwest Territories
Member	Joe Auge, Yellowknife, Northwest Territories

The Board is 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

AADR II Ltd.
Head Office: Yellowknife, Northwest Territories

Inuvik Gas Ltd.
Head Office: Inuvik, Northwest Territories

Avalon Electrical
Franchise: Pine Point, 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.

2022 HIGHLIGHTS

We had a busy year, with the end of the pandemic and resuming to business as usual. The Board's major activities during 2022 were the General Rate Applications brought forward by Northwest Territories Power Corporation ("**NTPC**") and Northland Utilities (NWT) Limited ("**NUL NWT**").

The Board's activities during 2022 were to review and approve:

Stittco Utilities NWT Limited

- By letter dated February 16, 2022 filed July 31, 2021 Financial Statements.

Northland Utilities (NWT) Limited

- By letter dated April 14, 2022 filed Fuel Cost Adjustment Rider A Application effective for May 1, 2022.
- By letter dated April 26, 2022 filed Cost Recovery/Refund Rider H Application effective for May 1, 2022.
- 2021 Reliability Performance Report and 2021 Annual Filings and Financial Statements.
- By letter dated May 13, 2022 filed Purchase Power Cost Adjustment Rider F Application effective June 1, 2022.
- By letter dated May 17, 2022 filed Cost Recovery/Refund Rider H and Rate Adjustment Rider R Application effective June 1, 2022.
- By letter dated October 11, 2022 filed Fuel Cost Adjustment Rider A Application effective for November 1, 2022.

Northland Utilities (NWT) Limited – 2023 General Rate Application

- NUL NWT Limited filed 2023 General Rate Application (GRA) dated September 22, 2022:

Northland seeks the following approvals from the Board:

- (1) Pursuant to Sections 66 and 68 of the Public Utilities Act (PUA), approvals to discontinue its operations in Hay River pursuant to the Hay River Franchise Agreement (the Franchise Agreement) and to dispose of the Hay River Franchise Assets (the Franchise Assets) and deferral account balances to Hay River, including approval to recover costs related to the discontinuation and disposition of the Franchise Agreement and Franchise Assets to the Town, and a deferral account to address the timing of transfer of Hay River assets effective January 1, 2023 (included in Section 1B);

- (2) Approval of Northland's revenue requirement for the 2023 Test Year (one-year Test Period);
- (3) Approval of a final Rate Adjustment Rider (Rider R), a new Transmission Rate, and updates to Riders A & F (included in Sections 1B & 15);
- (4) Interim Refundable Rates approval by December 20, 2022, to be implemented January 1, 2023 (as sought in the cover letter);
- (5) Approval of the deferral accounts listed below;
- (6) Approval of the ROE risk premium described in Section 7;
- (7) Project permits for two projects in 2024 consistent with Section 54 of the PUA described in Section 16; and

Northland Utilities Enterprises Limited

- By letter dated April 7, 2022 informed the Board of Denendeh Investments Incorporated (DII) Increased Ownership .

Northland Utilities Yellowknife Limited

- 2021 Reliability Performance Report and 2021 Annual Filings and Financial Statements.
- By letter dated May 12, 2022 filed Purchase Power Cost Adjustment Rider F Application effective June 1, 2022.

Northwest Territories Power Corporation – Aadrii District Heating System

- By letter dated January 24, 2022 filed Aadrii District Heating System 2019 and 2020 Financial Statements, and Rate Notification for GNWT's Chief Julius School in Fort McPherson
- By letter dated August 24, 2022 provided Aadrii District Heating System 2020-21 Financial Statements.

Northwest Territories Power Corporation – 2022-23 General Rate Application

- By letter dated February 2, 2022 filed Łutsek'e Plant Project Permit Application.
- By letter dated February 3, 2022 filed Taltson Hydro Plant Overhaul Project Permit Application.
- NTPC filed its 2022-23 General Rate Application (GRA) dated March 30, 2022. Subsequent to the filing of the GRA, the Board in decision 13-2014 and

decision 9-2019, directed NTPC to file an application respecting the same test years.

- September 8 & 9, 2022 Hearing and Public Consultations in Yellowknife, NT.

Northwest Territories Power Corporation

- By letter dated January 31, 2022 filed NTPC 2020-21 Annual Report on Finances.
- January 31, 2022 filed NTPC Five Year Capital Plan 2021-22 to 2025-26.
- By letter dated March 24, 2022 filed Interruptible Heat Rate for April 1, 2022.
- By letter dated April 27, 2022 filed Interim Rate Application for increase May 1, 2022.
- September 13, 2022 filed Interruptible Heat Rate for October 1, 2022.
- By letter dated November 30, 2022 filed 2021-22 Annual Report of Finances.

Northwest Territories Power Corporation – Avalon Electrical Franchise Order

- September 23, 2022 filed Renewal/Amend to Electrical Franchise Order.

Northwest Territories Power Corporation – Pine Point Electrical Franchise (2022-2035) Order

- December 7, 2022 filed Pine Point Electrical Franchise (2022-2035) Order.

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. Doris Minoza has successfully completed online courses with the Foundation of Administrative Justice with certificates.

Ms. Myra Berrub participated in CAMPUT 2022 Regulatory Key Topics Webinar February 8 and 9, 2022.

Mr. Joseph Auge attended CAMPUT 2022 Conference in Vancouver from May 1 to 4, 2022.

Ms. Myra Berrub attended CAMPUT 2022 Energy Regulation Course from June 18 to 25, 2022.

June 24, 2022 the Board Members and Staff participated in Board Orientation via Zoom meeting.

September 6, 2022 Board Members and Staff had a Briefing Meeting in Yellowknife, NT.

September 9, 2022 the Board had a working lunch in Yellowknife, NT.

December 13, 2022 Board convened for Northwest Territories Power Corporation General Rate Application discussion of issues for Decision.

A LOOK AHEAD

Significant activities carrying forward from 2022 includes NTPC filing its 2022/23 GRA Compliance as follow up to issuance of Decision 1-2023 on February 18, 2023. The final rates for the 2022/23 test year will be approved by the Board following review of the compliance filing.

Northland Utilities (NWT) Limited (Northland) and the Town of Hay River (Town) have been requested by the Board to file applications by March 7, 2023 with respect to the sale of the Hay River Franchise property by Northland to the Town (the Purchaser of the Franchise property). Pursuant to these applications the Board needs to determine whether the sale and purchase of the Hay River Franchise is in the public interest.

Northland Utilities (NWT) Limited (Northland) has been requested by the Board to update its September 2022 General Rate Application by March 7, 2023 taking into consideration certain rate impacts arising from the sale of the Hay River Franchise to determine the effect on the remaining customers of Northland.

Monitoring of developments in conversion and other evolutionary activities impacting local propane suppliers continues.

We are entering the final phase of upgrading the Board's Website to enable automation of document processing and to promote transparency and ease of access for the public.

Observing the evolution being experienced within the Energy Sectors, we continue to anticipate the opportunity to actively participate in a thorough review of our regulatory policies and legislative framework to develop recommendations to the GNWT anticipating and adapting to our future.

Ongoing development of our Board Members continues through our association with the Canadian Association of Members of Public Utility Tribunals and various international contacts to maintain their up-to-date industry knowledge.

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.

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 2022 BOARD DECISIONS

DECISION 1-2022

April 25, 2022

Application:

By letter dated April 14, 2022, NUL NWT filed an application to adjust Rider A, applicable to all NUL NWT customers, effective May 1, 2022. NUL NWT stated it had reviewed current fuel prices and its Rider A balance and had determined that an adjustment is required to appropriately manage the deferral balances going forward.

Order:

After review of application, the Board had approved the proposed Rider A, effective May 1, 2022.

DECISION 2-2022

April 27, 2022

Application:

The Public Utilities Board (“**Board**”) received a General Rate Application (“**GRA**”) dated March 30, 2022 from the Northwest Territories Power Corporation (“**NTPC**”), requesting rate adjustments over two years as follows:

- Thermal Zone – 2.5% increase in 2022-23 and a further 2.5% increase in 2023-24 to all customer classes;
- Snare Zone – 2.5% increase in 2022-23 and a further 2.5% increase in 2023-24 to all customer classes;
- Taltson Zone – 10% increase in 2022-23 and a further 10% increase in 2023-24 to all customer classes; and
- Norman Wells (as rates transition into the Thermal zone) - 10% increase in 2022-23 and a further 10% increase in 2023-24 to all customer classes.

By way of an Interim Rate Application dated March 30, 2022, NTPC requested that the increases applicable to the 2022-23 year be approved effective May 1, 2022.

Order:

The Board approved an increase in rates that would result in a 2.5% across the board increase in revenues is approved for NTPC, effective May 1, 2022. NTPC is directed to file rates that reflect the 2.5% across the board increase in revenues approved herein for review and approval by the Board within one business day of this Decision.

DECISION 3-2022

April 27, 2022

Application:

The Northwest Territories Public Utilities Board (“**Board**”) received two project permit applications as follows from the Northwest territories power Corporation (“NTPC”):

i) Replacement of the Generating Plant at Łutselk’e (LK) dated Feb 2, 2022:

This project permit application is for the replacement of the existing diesel generating plant at Łutselk’e with a new 820 kW plant, at a new location, at a net cost of \$7.6million after considering the Canada Infrastructure Program (“ICIP”) federal grant. The average rate impact of the project for NTPC’s Thermal Zone customers is estimated at 1.11%. The budget for the project was revised by NTPC to a net cost of \$5.4 million by way of letter dated March 14, 2022 and in response to Board Information Request BR-6.

ii) Taltson Hydro Plant Overhaul dated February 3, 2022:

NTPC states the Project is necessary to meet generation requirements of the South Slave region and ensure non-emitting supplies remain available to the communities served by the Taltson plant. The total capital cost NTPC expects to incur for the project is estimated at approximately \$66.562 million (not including diesel expense to provide generation to Hay River and area during the estimated 6-month shutdown). Of this amount, NTPC states, \$17.820 million is approved for funding through the Investing in Canada Infrastructure Program (“ICIP”) federal

grant, for a net cost to rate base of \$48.742 million.

Order:

After review of applications, the Board had approved the permits for the following projects:

- i. Replacement of the Generating Plant at Łutsek'e; and
- ii. Taltson Hydro Plant Overhaul.

DECISION 4-2022

April 29, 2022

Application:

Northland Utilities (NWT) Limited (“NUL” or “Northland”) applied to the Northwest Territories Public Utilities Board (“Board”) requesting approval for an adjustment to the Cost Recovery/Refund Rider, Rider H, applicable to all Northland customers, effective May 1, 2022.

Order:

After review of application, the Board had approved the proposed Rider H, effective May 1, 2022.

NUL is directed as follows:

- to file base rates, effective June 1, 2022 to reflect the adjustment to base rates arising from the 2015 placeholder adjustment amount; and
- to file a proposed Rider H effective June 1, 2022, to reflect the refund of all remaining excess collected revenues related to the placeholder amount to May 31, 2022, including interest on the placeholder adjustment deferral account balances.

DECISION 5-2022

May 2, 2022

Application:

The Public Utilities Board (“**Board**”) received a General Rate Application (“GRA”) dated March 30, 2022 from the Northwest Territories Power Corporation (“**NTPC**”), requesting rate adjustments over two years as follows:

- Thermal Zone – 2.5% increase in 2022-23 and a further 2.5% increase in 2023-24 to all customer classes;
- Snare Zone – 2.5% increase in 2022-23 and a further 2.5% increase in 2023-24 to all customer classes;
- Taltson Zone – 10% increase in 2022-23 and a further 10% increase in 2023-24 to all customer classes; and
- Norman Wells (as rates transition into the Thermal zone) - 10% increase in 2022-23 and a further 10% increase in 2023-24 to all customer classes.

By way of an Interim Rate Application dated March 30, 2022, NTPC requested that the increases applicable to the 2022-23 year be approved effective May 1, 2022.

In Decision 2-2022 the Board approved interim rates for NTPC and directed NTPC to file revised rates to reflect the Board’s Decision.

Order:

After review of application, the Board had reviewed the filing dated April 28, 2022 approved the revised interim rates as filed effective May 1, 2022.

DECISION 6-2022

May 31, 2022

Application:

By way of an Application dated May 17, 2022, NUL proposed an adjustment to base rates through Rider R and changes to Rider H. With regard to the proposed Rider R NUL stated:

Northland is proposing to use Rate Adjustment Rider, Rider R, to reflect the adjustment to base rates.

As shown in Schedule 1, Line 19 of Northland's April 20, 2022, Rider H application, the adjustment to the approved 2015 revenue requirement is calculated at \$62,712.

As shown in Schedule 5.1 of Northland's May 29, 2015, Amended 2014-2015 Phase II GRA, the approved 2015 revenue requirement, adjusted for Other Revenues and Franchise Taxes, is \$12,010,000.

Accordingly, Northland has calculated the Rider R adjustment to base rates as follows:

Rider R=	$-\$62712/\$12010000=-0.52\%$
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With regard to the adjustments to Rider H, NUL proposed to change the Cost Recovery/Refund Rider, from -4.39% to -4.58% effective June 1, 2022.

Order:

After review of application, the Board notes NUL has included interest on balances over-collected from customers at a rate of 1.5% per annum. The 1.5% rate is consistent with the interest on NUL's customer deposits.

The Board has reviewed the schedules and calculations provided by NUL and approves the rate riders attached hereto as Appendices 1 and 2, effective June 1, 2022.

DECISION 6-2022 (Errata)

June 1, 2022

Application:

By way of an Application dated May 17, 2022, NUL proposed an adjustment to base rates through Rider R and changes to Rider H. With regard to the proposed Rider R NUL stated:

Northland is proposing to use Rate Adjustment Rider, Rider R, to reflect the adjustment to base rates.

As shown in Schedule 1, Line 19 of Northland's April 20, 2022, Rider H application, the adjustment to the approved 2015 revenue requirement is calculated at \$62,712.

As shown in Schedule 5.1 of Northland's May 29, 2015, Amended 2014-2015 Phase II GRA, the approved 2015 revenue requirement, adjusted for Other Revenues and Franchise Taxes, is \$12,010,000.

Accordingly, Northland has calculated the Rider R adjustment to base rates as follows:

$$\text{Rider R} = \frac{-\$62712}{\$12010000} = -0.52\%$$

With regard to the adjustments to Rider H, NUL proposed to change the Cost Recovery/Refund Rider, from -4.39% to -4.58% effective June 1, 2022.

Order:

After review of application, the Board approved:

Northland Utilities (NWT) Limited's Rate Rider H, attached hereto as Appendix 1, is approved, effective June 1, 2022.

Northland Utilities (NWT) Limited's Rate Rider R, attached hereto as Appendix 2, is approved, effective June 1, 2022.

DECISION 7-2022

May 31, 2022

Application:

By letter dated May 12, 2022, Northland filed an application requesting approval for an adjustment to Rider F, applicable to the Hydro Rate Zone, effective June 1, 2022.

Part A: True-up component

Northland stated that as of April 30, 2022, Rider F balance is a credit position of \$61,231 and the balance is forecast to be a credit of \$57,866 as of May 31, 2022.

Northland proposed Rider F True-Up component of - \$0.0020 per kWh effective June 1, 2022.

Order:

After review of application, the Board had approved Northland Utilities (NWT) Limited's Rate Rider F, attached hereto as Appendix 1, is approved, effective June 1, 2022.

DECISION 8-2022

May 31, 2022

Application:

By letter dated May 12, 2022, Northland filed an application requesting approval of an adjustment to Rider F, applicable to the City of Yellowknife customers, effective June 1, 2022.

Part A: True-up component

Northland stated as of April 30, 2022, the Rider F balance is a credit position of \$250,540. The balance is forecast to be a credit of \$182,041 as of May 31, 2022

Northland proposed that to true up the balance, Northland proposes to apply a Rider F True-up component of -\$0.0012 per kWh.

Order:

After review of application, the Board had approved Northland Utilities (Yellowknife) Limited's Rate Rider F, attached hereto as Appendix 1, is approved, effective June 1, 2022.

DECISION 9-2022

July 13, 2022

Application:

Town of Hay River ("Town")

By letter dated May 27, 2022, Counsel for the Town, Mr. Thomas D. Marriott, made an Application to the Board for intervener costs with respect to the NTPC's

Łutselk'e and Taltson Project Permit Applications. The costs consisted of Legal Fees, and Consultant Fees totaling \$6,624.10.

The Board, by email dated May 27, 2022, advised NTPC of the Application for Intervener Costs made by the Town and requested comment, if any, by June 10, 2022.

NTPC provided no comments.

Northwest Territories Power Corporation ("NTPC")

By letter dated May 27, 2022, Counsel for NTPC, Karen Salmon, made an Application to the Board for intervener costs with respect to NTPC's Łutselk'e and Taltson Project Permit Applications. The costs consisted of Legal Fees, and Consultant Fees totaling \$37,822.50

The Board, by letter dated June 1, 2022, stated that certain invoices need more information.

Order:

After review of application, the Board awarded the cost of \$6,624.10 to the solicitor for the Town of Hay River within 30 days of this Decision with a copy to the Board for its information. These are the total costs approved by the Board with respect to the Application for Intervener Costs submitted by the Town of Hay River.

Northwest Territories Power Corporation's external costs in the amount of \$37,822.50 are approved for recovery from customers through the mechanism of the Hearing Costs Deferral Account.

DECISION 10-2022

July 13, 2022

Application:

By letter dated July 8, 2022, NUL NWT filed an application to adjust Rider A, applicable to all NUL NWT customers, effective August 1, 2022. NUL NWT stated it had reviewed current fuel prices and its Rider A balance and had determined that an adjustment is required to appropriately manage the deferral balances going forward.

With regard to the True Up component of Rider A, NUL NWT stated that as of June 30, 2022, NUL NWT's Rider A deferral account balance is \$498,852. NUL NWT stated that the balance is forecast to be \$520,214 as of July 31, 2022. Accordingly, NUL NWT proposed to increase the Rider A True up component to \$0.0079 per kWh.

To address an ongoing variance between approved and forecast fuel prices, NUL NWT proposed to adjust the ongoing component of Rider A from \$0.0011 per kWh to \$0.0179 per kWh.

The total Rider A requested for approval in this application is \$0.0258 per kWh.

Order:

After review of application, the Board had approved the proposed Rider A, effective August 1, 2022.

DECISION 11-2022

October 24, 2022

Application:

By letter dated October 11, 2022, NUL NWT filed an application to adjust Rider A, applicable to all NUL NWT customers, effective November 1, 2022. NUL NWT stated it had reviewed current fuel prices and its Rider A balance and had determined that an adjustment is required to appropriately manage the deferral balances going forward.

With regard to the True Up component of Rider A, NUL NWT stated that as of September 30, 2022, NUL NWT's Rider A deferral account balance is \$1,216,754. NUL NWT stated that the balance is forecast to be \$1,184,670 as of October 31, 2022. Accordingly, NUL NWT proposed to increase the Rider A True up component to \$0.0177 per kWh.

To address an ongoing variance between approved and forecast fuel prices, NUL NWT proposed to adjust the ongoing component of Rider A from \$0.0179 per kWh to \$0.0189 per kWh. Please refer to Part A of Schedule 1 for details.

The total Rider A requested for approval in this application is \$0.0366 per kWh.

Order:

After review of application, the Board had approved Northland Utilities (NWT) Limited's Rate Rider A, attached hereto as Appendix 1 is approved effective November 1, 2022.