

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
5TH COUNCIL, 30TH SESSION**

SESSIONAL PAPER NO. 13-30

TABLED ON JUNE 14, 1965



June 3, 1965.

NORTHWEST TERRITORIES

SESSIONAL PAPER NO. 13
(Second Session, 1965)

SUBSIDIZATION OF ELECTRICAL POWER
SUPPLY IN THE NORTHWEST TERRITORIES

DISPOSITION

Accepted as Read.....
Amended..... See Text.
Rejected..... See Text.
Deferred..... See Text.
Not considered.

SUBSIDIZATION OF ELECTRICAL POWER
SUPPLY IN THE NORTHWEST TERRITORIES

This is a progress report of the study by the Department of Northern Affairs on Council's proposal that electric power in the Northwest Territories be subsidized at the rate of five cents per kilowatt hour.

When Council made the request for a study, the Commissioner reserved his position on it because such a major (over \$100,000 in a year) and continuing financial undertaking was outside what is contemplated in the current Federal-Territorial Financial Agreement. Before action could be taken the Commissioner considered that the other parties to this agreement should be consulted, i.e. the Departments of Northern Affairs and Finance.

As a result of the Commissioner's discussion with the Deputy Minister, the Engineering Division now has a further study of the costs involved in the program. The actual cost of subsidizing the generation of electrical power was consistent and well covered in the sessional paper considered by Council in February.

However, subsidization of the hourly rate in itself will not bring electricity into many additional homes in the Northwest Territories. The major immediate and long term needs are distribution lines. In many cases, generating plants will have to be increased in size.

Treasury Board recently approved a policy for the generation and sale of electrical power at an hourly rate not to exceed 12 cents. This takes into account amortization of the generating plant, but not the cost of distribution lines. Distribution lines are a major expense. The Deputy Minister has asked that in order to consider the Council's proposal in all its ramifications, an estimate be made of the cost of extending distribution lines wherever needed so that the total may be calculated and taken into account along with the \$200,000 per annum subsidy cost if power is sold at five cents.

When the additional costs of distribution lines have been calculated, the Minister will be able to consider federal response to this objective Council has in mind, and which he supports in principle.

When we know what is the federal response in discharge of their responsibility for economic development in the north, we shall be able to consider realistically what the Territorial Government should do.