LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

6TH COUNCIL, 38TH SESSION

TABLED DOCUMENT NO. 13-38

TABLED ON JANUARY 20, 1969

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Tabled on Jan. 20, 1969

GIANT YELLOWKNIFE MINES LIMITED
YELLOWKNIFE P.O.
NORTHWEST TERRITORIES
CANADA

TELEX 037-410

January 16, 1969.

Mr. D. H. Searle, Member,
Mackenzie North Riding,
Council of the Northwest Territories,
YELLOWKNIFE, N.W.T.

Dear David:

Thank you for allowing me to read Mr. Humphreys' letter of January 9, 1969. I have the following comments to make.

In paragraph 2, Mr. Humphreys states that oil fired boiler capacity "can be readily substituted" (for electric boiler capacity). It is not really that simple and the cost is estimated at $89,000.

In paragraph 3, he refers to your statement that "Giant will be looking to a major capital expense to provide auxiliary power on its own". There is confusion here. We plan to replace the 1500 K.W. electric boiler with a 20,000 lb./hr. oil fired package boiler. We do not plan to generate any electricity.

Also in paragraph 3, Mr. Humphreys states that N.C.P.C. has never been requested by Giant to supply primary power for heating purposes. This is correct. It would be much too expensive.

In paragraph 5, he mentions the release of primary power when Discovery shuts down and states that this "will more than meet the anticipated increase in primary demand by 1969/70. I cannot argue this point too much although I think it will be tight during the peak periods in the morning and evening. I base this reasoning on power consumption data for the Town as provided by Mr. Bright, formerly Works Superintendent for the Town. However, I feel very strongly that in the winters subsequent to 1969/70, it will be necessary to utilize the 5150 K.W. diesel plant more and more to handle the system peaks.

It would appear that N.C.P.C. will solve the power supply problem for the next year or so, primarily by utilizing the entire generating capacity for primary power. This of course will increase the heating costs for our operation but as I mentioned we can't complain too much as we have enjoyed a supply of secondary power for many years.

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However, I still feel that a power shortage could easily develop in the not too distant future and in view of this I would suggest that a study of the situation be undertaken jointly by N.C.P.C., the Territorial Government and the Town of Yellowknife or perhaps by a firm of Consulting Electrical Engineers.

Yours very truly,

GIANT YELLOWKNIFE MINES LIMITED.

W. A. Case,
Mine Manager.

WAC*ms

c.c. Mr. E. W. Humphreys

NORTHERN CANADA POWER COMMISSION

COMMISSION D'ENERGIE DU NORD CANADIEN

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January 9, 1969

David H. Searle, Member,
Mackenzie North Riding,
Council of the Northwest Territories,
Yellowknife, N.W.T.

Dear Sir:

Re: Yellowknife Power Requirements

I acknowledge receipt of your letter of December 19, 1968 on the subject. Some of your comments come as a surprise and I have the following observations thereto.

During peak winter periods, secondary power is sometimes cut back at the Mines. This is the concept of secondary power, in that it is sold at a significantly lower rate on a "when available only" basis. Secondary energy is used at the Yellowknife Mines for heating purposes. The Mines have not been requested to curtail their use of primary or firm power i.e. all power except that used for electric boilers (for which oil fired boiler capacity can be readily substituted) and it is not anticipated that there will be any curtailment of such power in the current or future peak load periods.

Your notation of Mr. Case's that Giant "will be looking to a major capital expense to provide auxiliary power of its own" must refer to power consumed in electric boilers, or what is referred to as secondary power. On no occasion has Giant been requested by N.C.P.C. to cut back on primary power, nor is any such request contemplated. Similarly on no occasion has Mr. Case requested N.C.P.C. to supply primary power for heating purposes.

Power surveys are reviewed annually on a regular basis and more often when conditions require. At Yellowknife our immediate plans call for the installation next summer of a 5150 KW diesel plant on the outskirts of the city. An order has already been placed for this equipment, and the machinery is now in production. This new plant will provide both peaking and standby capacity to the system and the City of Yellowknife. The installation will require a capital outlay of approximately $700,000, but will not bring in any new revenue to the system since its prime role will be that of standby and we anticipate very limited operation as a peaking unit. The anticipated loss of revenue resulting from the closing down of the Discovery Mine will be partly offset by the load growth of Yellowknife and consequently we are hopeful that the annual costs of the new diesel plant

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can be absorbed without necessity of a rate increase.

If the mining industry at Yellowknife were expanding on an indicated long-term basis, we would be able to consider construction of another hydro plant in addition to the diesel plant (the latter is considered desirable as a standby source of power to the City of Yellowknife in case of hydro plant or transmission line breakdown). The present outlook for mining power in the Yellowknife area does not appear expansive. The closing of the Discovery Mine which will release primary hydro power to the system will more than meet the anticipated increase in primary demand by 1969/70; in terms of power demand, a significant population growth is required to equal the power demands of even a small mine such as Discovery. If load growth exceeds present estimates, then more generating capacity will be added to meet any such requirement. It must be noted, however, that premature addition of generating facilities can only result in a rate increase; our studies have shown that the thermal-hydro combination to which we are now committed is the most economically feasible method of meeting all requirements of Yellowknife and environs. That this is so is borne out by our ability to hold the power rates at their present levels.

The projected closing of Discovery, the present adequacy of primary hydro capacity and the new diesel plant all combine to ensure sufficient power for all Yellowknife consumers. It is indeed gratifying that despite the current upward trend in virtually all costs it is anticipated that power rates at Yellowknife, already the lowest in Northern Canada, will not be raised as long as present conditions prevail.

May I take this opportunity to thank you for your interest and express the wish that you will find an opportunity to present these observations to the 38th Session of the Territorial Council.

Yours truly,

E.W. Humphrys
General Manager.

cc Commissioner Hodgson
Deputy Commissioner Parker

P. O. Box 939
Yellowknife, N.W.T.
December 19, 1968

Mr. E. W. Humphreys
General Manager
Northern Canada Power Commission
251 Bank Street
Ottawa, Ontario

Dear Mr. Humphreys:

Re: Yellowknife Power Requirements

With the tremendous growth that is being experienced at Yellowknife, I have been advised that unless some very long range planning is already being done to provide additional power, we will soon here be experiencing an acute power shortage. Already, I am advised there is a rationing being done at peak periods of power demand. This rationing, of course, affects the two mines at Yellowknife most accutely when they are required to cut back in production areas. I am thinking particularly of requests in the past to stop using the mine hoists or the mill ballmills in the periods of peak power use.

In speaking with Mr. W. A. Case, Mine Manager at Giant, he points out that unless something definite is forthcoming soon, then Giant will be looking to a major capital expense to provide auxiliary power of its own.

I am wondering if, before the 13th of January, 1969, (this being the opening of the 38th Session of the Territorial Council) you could provide me with a statement of your company's intentions regarding expansion of facilities so that adequate power may be provided to Yellowknife in the future. I'm wondering, for instance, whether your company has undertaken and completed a survey of power needs in the Yellowknife area.

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As you probably appreciate, only 1-1/2 years ago Yellowknife was a Town of 4,000 people. Within one year from now, it will be a Town of 7,000 people and within three years it is projected to go to 10,000 people. The Territorial Government (five-storey) office building will soon be open, new businesses are opening and a fourteen-storey (100 suite) apartment building is under construction. Surely if there is a shortage now, even though it is just at peak periods, there may develop a situation of general shortage which could very seriously affect the productivity and economic viability of our two major industries, Giant and Con Mines.

Could I please hear from you at your very earliest convenience.

Yours faithfully,

David H. Searle, Member
Mackenzie North Riding