

LEGISLATIVE ASSEMBLY OF THE
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NORTHWEST TERRITORIES
PUBLIC UTILITIES BOARD

**Report On
Rates Proposed By
Northern Canada Power Commission
For The Northwest Territories**

APRIL 1976

Northwest Territories
Public Utilities Board

REPORT ON
RATES PROPOSED BY
NORTHERN CANADA POWER COMMISSION
FOR THE NORTHWEST TERRITORIES

April 1976

NORTHWEST TERRITORIES PUBLIC
UTILITIES BOARD

Yellowknife, N.W.T.
X1A 2L9

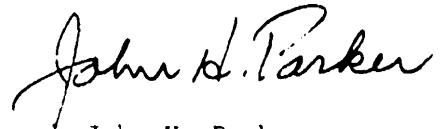
April 30, 1976.

Mr. S.M. Hodgson,
Commissioner of the
Northwest Territories,
Yellowknife, N.W.T.
X1A 2L9

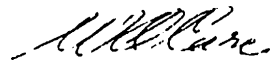
Sir:

In accordance with the request contained in your letter of February 9, 1976, that the Board examine the increases in electrical rates proposed by Northern Canada Power Commission; we beg to advise that the Board has held public hearings and as a result of these hearings, and its own deliberations, is pleased to submit the attached report.

Yours sincerely,



John H. Parker,
Chairman.



W.A. Case,
Member.



C.M. Wilkinson,
Member.

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INTRODUCTION

In October of 1975, officers of Northern Canada Power Commission transmitted to the Chairman of the Northwest Territories Public Utilities Board an undated document entitled "Proposed Rate Adjustments - Northwest Territories". This document described the financial situation in which the Commission found itself due to rapidly escalating costs, and it proposed a rationalization and averaging of rates, made possible as a result of amendments to the Northern Canada Power Commission Act which permitted the establishment of rate zones. It proposed to designate the Northwest Territories as a rate zone and to provide basic electric utility needs to its non-government domestic consumers at a subsidized maximum rate of \$0.05 per kilowatt hour for the first 300 kwh per month with full economic rates to be charged for all additional consumption. Previous rate adjustments were detailed, and present and proposed rates were presented in tabular form. The proposed effective date for implementation of the rate adjustments was to be the billing cycle of February, 1976.

Since the N.W.T. Public Utilities Board is established under Territorial legislation, it has no jurisdiction over NCPC - which is established under federal legislation. The Board assumed that NCPC would advise its customers directly of the proposed rate changes, but there seems to have been no announcement either to the customers or to the municipalities.

In a letter dated February 9, 1976, the Commissioner of the Northwest Territories advised the Board that the Minister of Indian and Northern Affairs, in view of strong criticism on cost overruns at Strutt Lake (N.W.T.) and Aishihik (Yukon), and the apparent effect of these on rate

increases, had asked the Chairman of NCPC to provide him with an expert report on the cost overruns. In addition, the Minister advised that he had requested NCPC to present the proposed rate increases to the Public Utility Boards in each of the Territories for review and comments, and he wished to receive the Board's report by the end of March. This date was subsequently changed to April 30.

Pursuant to Section 14 of the N.W.T. Public Utilities Ordinance, the Board held public hearings and received representations from organizations and concerned individuals. The Board enjoyed a high level of co-operation from officers of NCPC, members of the public, and concerned organizations. The Board was particularly appreciative of the work carried out by the Northwest Territories Power Steering Committee, which at its own expense, carried out a review of the proposed rates, and sent staff members to several communities to consult with its own members.

Due to the time available to the Board, it was not possible to conduct an in-depth review of all financial aspects, nor to engage financial consultants for this task. The Board has been assisted by observations on finances contained in the report of the Electrical Utilities Board of the Yukon which did have a limited amount of research carried out by financial consultants.

NCPC RATE PROPOSALS

Previous to the passing of amendments to the NCPC Act in the spring of 1975, NCPC was required to set rates for each of its plants in such a fashion as to incur no financial loss. The amendments to the Act now permit the establishment of rate zones within which averaging of rates may occur. NCPC proposes to establish one rate zone for the N.W.T. and one for the Yukon.

The proposed rate system, which seeks to rationalize and standardize rate structures throughout the N.W.T. zone, may be summarized as follows :

- (a) Rate structures for four basic categories of consumers -

domestic non-government
commercial non-government
domestic government
commercial government

- (b) A subsidized base rate of not more than 5 cents/kwh for domestic non-government consumers. (Except for this subsidized rate for the first block of power used, the Commission does not intend to equalize rates throughout the zone.)
- (c) All additional power, including power for government consumers, to be provided at full economic rates.

The proposed tariffs are expected to result in rate relief for eight communities, and increases of varying degrees for the other forty.

The effective date for implementation was to have been the February, 1976, billing cycle. This has since been postponed to the May billing cycle.

REPRESENTATIONS BY THE PUBLIC

A public hearing of the Board was held on March 5, 1976, in the Legion Hall, Yellowknife. At the commencement of the meeting, the Chairman outlined the objectives of the hearing as follows :

- To obtain information on which to base a report to the Commissioner for furtherance to the Minister of Indian and Northern Affairs;
- To receive the views of interested individuals and groups;
- To assist individuals and groups to obtain desired information.

The Chairman also indicated that NCPC officials had always shown a willingness to appear before the Board to supply information and explain their actions, although they were not bound to do so by the NCPC Act.

As a result of the discussions at this day-long session, it was obvious that the major organization appearing before the Board, the N.W.T. Power Steering Committee, required a considerable amount of additional information from NCPC.

The Board, having deemed the Power Steering Committee to be fairly representative of consumers throughout the Territories, adjourned its hearing and reconvened on the evening of April 14, 1976. During this intervening period, three major sets of questions were presented to the Board by the Power Steering Committee and these, together with the Board's own questions, were forwarded to NCPC. As replies were received, the information was given to the Power Steering Committee. Due to time constraints, answers to the last set of questions were not available until the day of the final hearing. Members of the Power

Steering Committee asked for a further adjournment to permit examination of this material; however, since the Board had already received a one-month's extension beyond the original reporting date, the request was not granted. The Board did agree to receive any additional material at a later date and to present it, if necessary, as an addendum to its report.

A list of those persons and organizations who appeared before the Board is included as Appendix 1.

Written briefs were received from the N.W.T. Power Steering Committee, Giant Yellowknife Mines, the Town of Hay River, and Northern New Democrats; and a letter was received from the Managing Director of the N.W.T. Housing Corporation. Copies of these submissions are not included with this report but are being held with the Board's records and are available for examination upon request.

GENERAL OBSERVATIONS AND CONCLUSIONS1. Rates Proposed by NCPC

(a) Additional revenue through increased rates is being sought by NCPC to cover escalations in costs of fuel, salaries and wages, and increased capital debt resulting in higher amortization payments at relatively high rates of interest. Typical examples of increases in wage scales and fuel oil costs for the past five years were presented as evidence. It is interesting to note that in a comparison of costs of basic supplies presented by Giant Yellowknife Mines Limited, the escalation in cost of that Company's electrical power supplied by NCPC for the period 1970 to 1975 was 36% more than the 9% increase recorded for rough spruce lumber - the second highest increase.

(b) NCPC estimates the cost of the proposed subsidization of the initial block of power to non-government domestic consumers to be \$156,000 if applied to 1975-76 consumption figures. This cost would be borne by customers using power produced by the hydro-electric plants. The proportion of this amount to be borne by the Snare-Yellowknife system would be approximately \$80,000.

(c) While the Board endorses the principle of a relatively low-priced initial block of power for domestic consumers, the adequacy of a 300 kwh per month unit is in doubt. The Board determined that the average consumption by persons living in N.W.T. Housing Corporation homes in Coppermine is 370 kwh per month, and in Arctic Bay 450 kwh per month; in each case on a year-round basis. The average domestic consumption in Fort Smith, including government homes, is 880 kwh per month. Bearing in mind that the

average consumption for the winter months will be considerably in excess of these year-round averages, it may be seen that the 300 kwh per month block appears to be inadequate. The use of a 500 kwh per month block on a year-round basis, or at least during the winter months, would provide more meaningful assistance to the domestic consumer.

(d) The Board believes that the design of the proposed rate structure is an improvement over the former structure. The move toward rationalization and standardization will assist the Commission to draw comparisons between plants and has reduced many of the differences between communities. The Board feels that demand meters should be made compulsory for all consumers with a demand greater than 5 MW. Rate schedules should be devised to encourage the consumption of power during off-peak periods.

2. Municipal Taxes

NCPC does not pay normal municipal taxes but, rather, pays a minor amount of money to municipalities as a grant-in-lieu; however, the Commission sets its own assessment level rather than accepting the municipality's assessment figures.

3. Amortization

The Board was advised that at current interest rates available to the Commission there is a slight edge in favour of twenty-year debentures rather than the traditionally longer periods used by utilities.

4. Staff Policies

NCPC uses the same Location Differential Payments as established for federal public servants to recognise the differences in living costs in various northern centres. The Board's brief review of wage scales indicated that NCPC's pay scales were comparable to other northern employers. From the Board Chairman's observations, the size and quality of housing offered by NCPC in certain locations seem to be unnecessarily high, and therefore perhaps unnecessarily expensive.

5. Environmental Regulations

The escalation in level of concern over environmental matters by the public and governmental regulatory agencies coincided to some extent with the construction of the Strutt Lake power development. Changes in regulations alone may well have increased the cost of this plant.

6. Identification of Major Deficit

In order to determine whether one type of power installation appears to be creating a considerably greater deficit than another type, the various plants were grouped into three categories; small diesel installations, large diesel plants and hydro plants. For the last two fiscal years for which complete figures are available (1973-74 and 1974-75), it is clear that the large diesel plants accounted for almost all of the deficit or reduction to surplus. The small diesel installations showed a healthy surplus, in total, and the hydro plants came close to breaking even. It should be noted that this occurred while the NCPC Act called for each plant to be operated as close to the break-even point as possible.

7. Transfer of Plants from Territorial Government

The Board notes that during the past few years the Territorial Government has been turning over operational responsibility and ownership of the small diesel-electric plants, which it operated in many communities, to NCPC at no cost. The Commission was therefore relieved of capital repayment and interest charges for these plants. It must also be noted that NCPC was faced with upgrading the plants or increasing their size in many instances.

8. Fuel Cost Control

The Power Steering Committee suggested that the Board recommend to the Council of the Northwest Territories that it implement some form of control over fuel costs. The Board believes that this is beyond the jurisdiction of the Council, particularly as most petroleum products consumed in the Territories are imported.

9. Accounting Practices

Reference was made in the introduction to this report to the report of the Yukon's Electrical Public Utilities Board. That Board concluded that NCPC appears to keep its books and records in good order but that its accounting principles reflect more closely government practices than "utility" practices. Since the Yukon Board's examination in this area was more extensive than our own and included a review by a financial consultant, we are satisfied to accept this conclusion. This Board found no evidence of bad practices or any suggestion whatsoever of improper use of funds.

10. Information Supplied by NCPC

The material in NCPC's document entitled "Proposed Rate Adjustments - Northwest Territories" was incomplete and badly presented. The material was not of a standard to be expected of a utility company, nor did it follow the style of presentation and documentation usually adopted by a utility company seeking to justify a rate adjustment.

Officers of NCPC did respond quickly and with good grace to requests for additional information made after the first public hearing; however, it was again obvious that the material had not been maintained in the normal fashion of a utility company, and it tended to be incomplete. For example, in a plant by plant breakdown of costs supplied to the Board, the category "other costs" was proportionally very high. When this was questioned, a general listing of items included in this category was supplied, but the relative importance of the items could not be discerned. In addition, NCPC's statements seemed to cause confusion to the public when dealing with percentage rate increases and the timing of the increases.

11. Public Relations

It is clear to the Board that NCPC's image in the eyes of the public of the N.W.T. is very poor. There is considerable reason for this feeling as the management of NCPC has, until being recently requested by government, failed to keep its consumers abreast of its problems, both financial and otherwise. NCPC has acted solely as a manufacturer and distributor of energy and has exhibited insufficient concern for the interests of its customers. As a result, the public at large believes very little of what NCPC says.

The Board suggests that NCPC will have to start paying more attention to its relations with the public in order to gain the confidence of its customers.

SOUTH GREAT SLAVE LAKE SITUATION

During the hearings, various references and comments were made with regard to electrical distribution in the Pine Point-Hay River area. In addition, a brief was received from the Hay River Town Council on this subject. The Town of Pine Point and the mining operation there are supplied by NCPC with electrical power from the Taltson hydro development. The Town of Hay River is supplied with electricity by Alberta Power Limited, who hold a franchise with the Town and generate electricity in a diesel-electric plant.

Early in 1974, this company proposed to construct a high voltage transmission line to bring in electricity from the Alberta grid for use in Hay River. The Federal Government refused to grant a land use permit for this line within the Territories, and the Minister of Indian and Northern Affairs issued a policy statement indicating that NCPC was the designated agency for the production of power and its transmission within the Territories.

Earlier it seems that Alberta Power had turned down an offer to purchase power from NCPC when NCPC proposed the extension of its power line from Pine Point to Hay River. In late 1974, NCPC and Alberta Power jointly financed a study by Shawinigan Engineering of the proposed inter-tie with the Alberta grid and the possibility of an extension of the Taltson power line to Hay River. The consultant's study indicated that there would be advantages as to price and security of supply if both lines were constructed.

Although this matter is not directly pertinent to the review of NCPC rates, the Board believes that

there has been a lack of co-operation and co-ordination among the parties affected in this area and that there has been a distinct lack of communication among them. This may well have caused, or will result in, consumers south of Great Slave Lake paying higher than necessary costs for electrical energy. The policy of designating NCPC as the sole producer and transmitter of power within the Territories is called into question if the Commission does not actively seek the most economical solutions to power supply for all parts of the Territories.

RECOMMENDATIONS

The following recommendations have been placed in order according to the agency having prime responsibility for receiving and considering them, commencing with the Federal Government, then the Territorial Government, and finally Northern Canada Power Commission.

1. Northern residents, businesses and corporations operating in the Territories are unsure of federal policies concerning the production, transmission and distribution of electrical energy. The Board recommends that these policies be reviewed and re-stated, particularly with regard to any plans or policies for the subsidization of electrical power in the North.
2. The Board recommends that the Federal Government provide either interest-free loans, or loans bearing an interest rate very substantially below the current rate, to NCPC for capital projects where the power generated is primarily for domestic and government use. Due to the resulting reductions in power costs, it would seem that this action would reduce substantially the amounts of transfers and grants to the Territorial Government for social welfare and housing requirements. Had the Territorial Government continued to own and operate its electrical plants, it is likely that the capital funds necessary for plant expansion would have been provided as grants and, therefore, not become a cost factor in the amortization of those plants.
3. The provision of an interest-free working capital advance to NCPC by the Federal Government is preferable to requiring the Commission to provide its working capital through rate increases to its

customers, and is consistent with what is believed to be the practice followed with a number of other federal agencies.

4. It is recommended that the Federal Government permit Canadian-owned corporations to construct and operate electrical utilities (including hydro-electric) in the N.W.T. subject to the control of the Public Utilities Board. This could be particularly important for a company wishing to develop a non-renewable resource. Such a plant could provide more economical power, because of size, to nearby communities. The Board does not recommend approval of such a site in competition with an existing NCPC plant.

5. The Board recommends that the Federal Government encourage the construction of the necessary transmission lines to tie the Taltson-Pine Point system to Hay River and to the Alberta Power grid to ensure the lowest possible cost power to consumers in the South Great Slave area.

6. Eventually, it is likely that NCPC will be separated into two Territorial Corporations, one for the Northwest Territories and one for the Yukon. We do not believe that it is appropriate to take that step at this time because of the uncertainties created by land claim and political negotiations, and the current indecision with regard to major gas and oil pipeline development. For the present, the regional organization of NCPC should be strengthened to place a greater degree of management responsibility within the Territories. Consideration should also be given to transferring a portion of the purchasing function to Yellowknife. A five year plan for the establishment of a separate corporation in the

Northwest Territories should be developed.

7. The N.W.T. Public Utilities Board should be given jurisdiction over NCPC in the establishment and regulation of rates affecting the N.W.T.

8. The Board recommends that the N.W.T. Government exempt NCPC from taxes on fuel oil used for the generation of power and heat.

9. It is recommended that the rate zone structure in the N.W.T. be changed so that systems of similar physical characteristics are grouped together. The suggested rate zones are :

- Rate Zone 1 - Snare-Yellowknife system
(including Rae-Edzo and Detah)
- Rate Zone 2 - Taltson-Pine Point system
(including Fort Smith and Fort Resolution)
- Rate Zone 3 - Diesel plants with over 10 MW capacity. (At this time only Inuvik and Frobisher Bay would be in this rate zone.)
- Rate Zone 4 - Diesel plants with less than 10 MW capacity. (All diesel plants not included in rate zones 1, 2 & 3 would be grouped into this rate zone.) It is likely that 3 or 4 sets of rates would be applied in this zone, depending on costs.

10. The Board recommends that rate increases to become effective with the May, 1976, billing cycle be approved on the basis that the increased revenue generated would cover only the increased costs (compared to 1975/76) of salaries, fuel and other costs (excluding capital and interest repayment). The increases by rate zone would be :

Rate Zone	Average % Increase in Rates	Increase in Revenue **
1	16.6%	\$366,800
2	18.8%	\$462,300
3	21.8%	\$1,278,200
4	17.3%	\$1,303,200

(** These increases in revenue were calculated on the assumption that the rate increases would be in effect for a full year commencing March 1, 1976. In fact, the increases will not be in effect until the May billing cycle, and the rate to Plains-Western Gas & Electric Co. Ltd will not be charged until November 15, 1976. As a result, these forecast increases in revenue are greater than what will actually be received.)

11. The Board recommends that the proposed rate increase to Plains-Western Gas & Electric on November 15, 1976, be submitted to the N.W.T. Public Utilities Board no later than July 15, 1976, for consideration.

12. It is recommended that NCPC make grants-in-lieu of taxes to municipalities on assessable physical assets and buildings such as houses, but not on their generating plants, power lines and generating equipment.

13. The Board believes that NCPC should not act as prime contractor for its major projects. Engineering and execution of major projects should be put out to tender to ensure competitive bids. Such a practice would also ensure that NCPC overhead is kept at a minimum by eliminating the permanent retention of the expert personnel required for project work. NCPC should only undertake with its own staff the engineering and construction of small plant improvements and additions.

14. Long range planning should assume an even higher priority with NCPC than it does at the present time. Detailed studies should be commenced on the use of fuels other than oil, such as coal and gas, for its plants along the Mackenzie Valley. In co-operation with the Federal Government and the provinces, further studies of the development of hydro-electric sites in the N.W.T. should be carried out with a view to determining the economic feasibility of exporting surplus power.

15. In view of the rapidly increasing price and diminishing world reserves of oil, NCPC should re-evaluate its policy of using thermal generators to meet building loads and peak demands in its systems. Long range economics could well favour the early development of hydro-electric sites over the addition of thermal generators.

16. The Board recommends that NCPC be more prompt with its applications for rate increases. One of the major problems with rate regulation of utilities in Canada is the time lag before rates are approved. This problem is made worse when the utility fails to file an application for rate increases immediately they become evident.

17. It is recommended that NCPC have a management study of its operations, particularly at the corporate level, carried out by a firm well experienced and highly regarded in the field of management reviews of utility companies. The Board believes that NCPC's mode of operation and corporate structure must follow closely that of other major electrical utilities if it is to successfully carry out its heavy responsibilities in the North.

Appendix 1

ORGANIZATIONS AND PERSONS WHO APPEARED
BEFORE THE NORTHWEST TERRITORIES PUBLIC
UTILITIES BOARD AT ITS HEARINGS

Northern Canada Power Commission

B.G. Christie, Assistant General Manager.
A. Watkiss, Comptroller.
A. Yewchuk, Regional Manager.

Northwest Territories Power Steering Committee

M. Sigler, Chairman.
D.J. Emery
D.H. Searle
D.G. Wood
W.A.K. Anderson
G.D. Erion

Giant Yellowknife Mines Limited

W.A. Moore, Manager.

Town of Inuvik

Deputy Mayor J. Heath

Town of Hay River

D. Taylor, Chairman of the Power Committee.

Northern New Democrats

D. Ferguson

Plains-Western Gas & Electric Co. Ltd

L. Gardiner

Consumers Association

L. Sorenson

D. Nickerson, Member, Territorial Council.

A. McAteer, Alderwoman, City of Yellowknife.

SUMMARY OF TABLES

Tables 1 to 5

Tables 1 to 5 show statements of income and expenditure based on the four rate zones proposed by the Board.

Table 1	1974-75	(actual)
Table 2	1975-76	(based on 10 months operations to January 31, 1976.)
Table 3	1976-77	(using forecast expenditures and income based on existing rates at December, 1975.)
Table 4	1976-77	(using the same forecast expenditure figures, but with income at rates proposed by NCPC)
Table 5	1976-77	(using income figures from rates proposed by the Board to cover increases in salaries, fuel and other costs, but <u>not</u> the increased cost of loan repayments)

Tables 6 to 10

Tables 6 to 10 are summaries of cost increases (projected for 1975-76 and forecast for 1976-77) based on the four rate zones proposed by the Board.

Table 6	Snare-Yellowknife system
Table 7	Taltson-Pine Point system
Table 8	Diesel plants over 10 MW
Table 9	Diesel plants less than 10 MW
Table 10	Total N.W.T.

TABLE 1

STATEMENT OF INCOME AND EXPENDITURE
BY PROPOSED RATE ZONES
(\$ x 1000)

1974-75

PROPOSED RATE ZONE	INCOME	- EXPENDITURES -					SURPLUS (DEFICIT)
		SALARIES	FUEL	LOAN REPAYMENTS	OTHER	TOTAL	
Snare-Yellowknife System	1,362.5	323.3 19.7%	261.5 16.0%	677.6 41.3%	376.6 23.0%	1,639.0 100.0%	(276.5)
Taltson-Pine Point System	1,858.5	257.6 15.2%	40.8 2.4%	902.9 53.3%	493.8 29.1%	1,695.1 100.0%	163.4
Diesel Plants over 10 MW	4,818.5	1,026.3 18.2%	1,782.2 31.6%	987.8 17.5%	1,838.9 32.6%	5,635.2 99.9%	(816.7)
Diesel Plants under 10 MW	5,300.7	1,112.0 20.9%	1,443.9 27.1%	905.3 17.0%	1,857.3 34.9%	5,318.5 99.9%	(17.8)
TOTAL	13,340.2	2,719.2 19.0%	3,528.4 24.7%	3,473.6 24.3%	4,566.6 32.0%	14,287.8 100.0%	(947.6)

This table shows actual income and expenditure in 1974-75
for the rate zones proposed by the Board

TABLE 2

STATEMENT OF INCOME AND EXPENDITURE
BY PROPOSED RATE ZONES
(\$ x 1000)

1975-76

PROPOSED RATE ZONE	INCOME	- EXPENDITURES -					SURPLUS (DEFICIT)
		SALARIES	FUEL	LOAN REPAYMENTS	OTHER	TOTAL	
Snare-Yellowknife System	1,452.0	389.7 22.2%	396.6 22.6%	567.4 32.4%	397.2 22.7%	1,750.9 99.9%	(298.9)
Taltson-Pine Point System	1,531.9	287.8 17.8%	67.2 4.2%	749.3 46.3%	513.9 31.8%	1,618.2 100.1%	(86.3)
Diesel Plants over 10 MW	3,925.3	1,034.8 20.0%	1,699.2 33.0%	1,039.5 20.2%	1,375.8 26.7%	5,149.3 99.9%	(1,224.0)
Diesel Plants under 10 MW	5,041.5	1,178.3 19.8%	1,714.7 28.8%	1,066.5 17.9%	2,001.2 33.6%	5,960.7 100.1%	(919.2)
TOTAL	11,950.7	2,890.6 20.0%	3,877.7 26.8%	3,422.7 23.6%	4,288.1 29.6%	14,479.1 100.0%	(2,528.4)

This table shows income and expenditure for 1975-76 based on ten months operations to January 31, 1976, projected for the full year

TABLE 3

STATEMENT OF INCOME AND EXPENDITURE
BY PROPOSED RATE ZONES
(\$ x 1000)

1976-77

PROPOSED RATE ZONE	INCOME	- EXPENDITURES -					SURPLUS (DEFICIT)
		SALARIES	FUEL	LOAN REPAYMENTS	OTHER	TOTAL	
Snare-Yellowknife System	2,215.4	475.0 17.6%	825.0 30.6%	911.0 33.8%	487.0 18.0%	2,698.0 100.0%	(482.6)
Taltson-Pine Point System	2,462.7	264.5 10.7%	201.0 8.1%	976.0 39.3%	1,039.5 41.9%	2,481.0 100.0%	(18.3)
Diesel Plants over 10 MW	5,857.2	1,400.0 17.7%	3,315.0 42.0%	1,691.0 21.4%	1,495.0 18.9%	7,901.0 100.0%	(2,043.8)
Diesel Plants under 10 MW	7,547.7	1,471.8 16.0%	3,050.8 33.1%	2,029.1 22.0%	2,653.6 28.8%	9,205.3 99.9%	(1,657.6)
TOTAL	18,083.0	3,611.3 16.2%	7,391.8 33.2%	5,607.1 25.2%	5,675.1 25.5%	22,285.3 100.1%	(4,202.3)

This table shows income and expenditure for the rate zones proposed by the Board using forecast expenditures, and income based on existing rates at December, 1975.

TABLE 4

STATEMENT OF INCOME AND EXPENDITURE
BY PROPOSED RATE ZONES
(\$ x 1000)

1976-77

PROPOSED RATE ZONE	INCOME	- EXPENDITURE -					SURPLUS (DEFICIT)
		SALARIES	FUEL	LOAN REPAYMENTS	OTHER	TOTAL	
Snare-Yellowknife System	2,790.6	475.0 17.6%	825.0 30.6%	911.0 33.8%	487.0 18.0%	2,698.0 100.0%	92.6
Taltson-Pine Point System	3,137.2	264.5 10.7%	201.0 8.1%	976.0 39.3%	1,039.5 41.9%	2,481.0 100.0%	656.2
Diesel Plants over 10 MW	8,193.9	1,400.0 17.7%	3,315.0 42.0%	1,691.0 21.4%	1,495.0 18.9%	7,901.0 100.0%	292.9
Diesel Plants under 10 MW	9,452.4	1,471.8 16.0%	3,050.8 33.1%	2,029.1 22.0%	2,653.6 28.8%	9,205.3 99.9%	247.1
TOTAL	23,574.1	3,611.3 16.2%	7,391.8 33.2%	5,607.1 25.2%	5,675.1 25.5%	22,285.3 100.1%	1,288.8

This table shows income and expenditure for the rate zones proposed by the Board using forecast expenditures, and income at the rates proposed by NCPC for February, 1976.

TABLE 5

STATEMENT OF INCOME AND EXPENDITURE
N.W.T. OPERATIONS 1976-77

PROPOSED RATE ZONE		(\$ x 1000)					Effective Average Rate Increase
		Income at 1975 rates	* Plus Proposed Increase	Total Income 1976-77	Total Forecast Expenses	Surplus (Deficit)	
Snare-Yellowknife System	1	2,215.4	366.8	2,582.2	2,698.0	(115.8)	16.6%
Taltson-Pine Point System	2	2,462.7	462.3	2,925.0	2,481.0	444.0	18.8%
Diesel Plants over 10 MW	3	5,857.2	1,278.2	7,135.4	7,901.0	(765.6)	21.8%
Diesel Plants under 10 MW	4	7,547.7	1,303.2	8,850.9	9,205.3	(354.4)	17.3%
TOTAL N.W.T.		18,083.0	3,410.5	21,493.5	22,285.3	(791.8)	

* Increases proposed by the Board are intended to cover only the increases in cost from 1975-76 to 1976-77 for salaries, fuel and other costs. No provision has been made to cover the increased cost of loan repayments.

TABLE 6

SUMMARY OF PROJECTED COST INCREASES
(\$ x 1000)

Zone	1975-76 (projected to 12 months)	1976-77 (Forecast)	\$ Increase	% Increase
<u>Snare-Yellowknife System</u>				
Income (at December 1975 rate)	\$1,742.4	\$2,215.4	\$473.0	27.1%
Salaries	467.6	475.0	7.4 *	1.5%
Fuel	475.9	825.0	349.0 *	73.3%
Loan Repayment	680.9	911.0	230.1	33.8%
Other Costs	476.6	487.0	10.4 *	2.2%
Total Costs	2,101.1	2,698.0	596.9	28.4%

Suggested rate increase = $\frac{366.8 *}{2,215.4} \times 100\% = 16.6\%$ - to cover all increased costs except loan repayment

TABLE 7

SUMMARY OF PROJECTED COST INCREASES
(\$ x 1000)

Zone	1975-76 (projected to 12 months)	1976-77 (Forecast)	\$ Increase	% Increase
<u>Taltson-Pine Point System</u>				
Income (at December 1975 rate)	\$1,838.3	\$2,462.7	\$624.4	34.0%
Salaries	345.4	264.5	-80.9 *	(23.4%)
Fuel	80.6	201.0	120.4 *	149.4%
Loan Repayment	899.2	976.0	76.8	8.5%
Other Costs	616.7	1,039.5	422.8 *	68.6%
Total Costs	1,941.9	2,481.0	539.1	27.8%

Suggested rate increase = $\frac{462.3 *}{2,462.7} \times 100\% = 18.8\%$ - to cover all increased costs
except loan repayments

TABLE 8

SUMMARY OF PROJECTED COST INCREASES
(\$ x 1000)

Zone	1975-76 (projected to 12 months)	1976-77 (Forecast)	\$ Increase	% Increase
<u>Diesel plants over 10 MW</u>				
Income (at December 1975 rates)	\$4,710.4	\$5,857.2	\$1,146.8	24.3%
Salaries	1,241.8	1,400.0	158.2 *	12.7%
Fuel	2,039.0	3,315.0	1,276.0 *	62.6%
Loan Repayment	1,247.4	1,691.0	443.6	35.6%
Other Costs	1,651.0	1,495.0	(156.0) *	(9.4%)
Total Costs	6,179.2	7,901.0	1,721.8	27.9%

Suggested rate increase = $\frac{1,278.2}{5,857.2} \times 100\% = 21.8\%$ - to cover all increased costs except loan repayments

TABLE 9

SUMMARY OF PROJECTED COST INCREASES
(\$ x 1000)

Zone	1975-76 (projected to 12 months)	1976-77 (Forecast)	\$ Increase	% Increase
<u>Diesel plants under 10 MW</u>				
Income (at December 1975 rates)	\$6,049.8	\$7,547.7	\$1,497.9	24.8%
Salaries	1,414.0	1,471.8	57.8 *	4.1%
Fuel	2,057.6	3,050.8	993.2 *	48.3%
Loan Repayment	1,279.8	2,029.1	749.3	58.5%
Other Costs	2,401.4	2,653.6	252.2 *	10.5%
Total Costs	7,152.8	9,205.3	2,052.5	28.7%

Suggested rate increase = $\frac{1,303.2}{7,547.7} \times 100\% = 17.3\%$ - to cover all increased costs except loan repayment

TABLE 10

SUMMARY OF PROJECTED COSTS INCREASES

(\$ x 1000)

Zone	1975-76 (projected to 12 months)	1976-77 (Forecast)	\$ Increase	% Increase
Total Northwest Territories				
Income (at December 1975 rates)	\$14,340.8	\$18,083.0	\$3,742.2	26.1%
Salaries	3,468.7	3,611.3	142.6 *	4.1%
Fuel	4,653.2	7,391.8	2,738.6 *	58.9%
Loan Repayment	4,107.2	5,607.1	1,499.9	36.5%
Other Costs	5,145.7	5,675.1	529.4 *	10.3%
Total Costs	17,374.9	22,285.3	4,910.5	28.3%

* Total increase in salaries, fuel & other	=	3,410.6	
Total increase in loan repayment	=	1,499.9	
Total income including suggested rate increase	=	18,083.0	
		+ 3,410.6	= 18.9%
		<u>21,493.6</u>	
Projected 1976-77 surplus (deficit)		(791.7)	

Total income required to break even = \$22,285.3

Average % increase required to break even = $\frac{4,202.3}{18,083.0} \times 100 = 23.2\%$