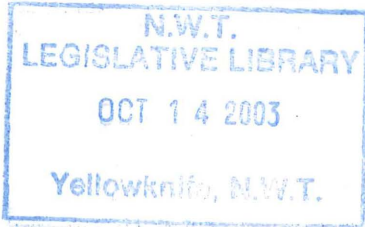


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Premier KAKFWI
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September 4, 2003

The Honourable Stephen Kakfwi
P.O. Box 1320
Yellowknife NT
X1A 2L9



Power Rates In Colville Lake

Dear Premier Kakfwi,

Thanks you for taking the time to discuss the issue of power rates in Colville Lake with representatives of Kapami Co-operative. Your government has been very supportive of Kapami Co-operative. The members of Kapami Co-operative greatly appreciate your government's contribution to our new Co-operative facility.

As you know, In Colville Lake, the Co-operative is the only option that residents have for purchasing their basic food supplies. We have a very small population. Our Co-operatives are not formed to make a big profit for shareholders. Our Co-operatives exist to provide service to the people who are our members. Obviously, we have to operate our Co-operatives using business principles and if our expenses are higher than our income, then our Co-operatives will not be able to continue to exist and we will go out of business. As a result, when our operating expenses go up, we have to increase the price of food.

When we first started our Co-op there was no money and so our facilities were very simple. As the Co-ops have grown, some have been able to acquire financing to build new facilities. Where these newer facilities exist, every effort has been made so that they are built to conserve energy and equipment such as freezers and coolers are as energy efficient as possible.

Even though we have made these efforts, every year we see our operating costs rise higher and higher. We are very concerned that if these costs keep rising, either people will not be able to afford to buy groceries or that our Co-ops will have to close down.

The existing power rates for the NWT Co-operatives are;

Kapami Co-operative in Colville Lake	\$2.62 per kilowatt hour
Ikahuk Co-operative in Sachs Harbour	.90
Petanea Co-operative in Wrigley	.85

Holman Co-operative in Holman	.68
Snowdrift Co-operative in Lutsel K'e	.57
Fort Good Hope Co-operative in Fort Good Hope	.57
Great Bear Co-operative in Deline	.55
Tetlit Co-operative in Fort McPherson	.47
Tli Cho Co-operative in Rae Edzo	.26
Yellowknife Direct Charge Co-operative in Yellowknife.	.11

We have looked at power rates in some other smaller communities in southern Canada and found a very large difference exists between their rates and our rates. For example in Grand Prairie Alberta, the rate is 15 cents an hour. In Vernon BC the rate is 7 cents per hour.

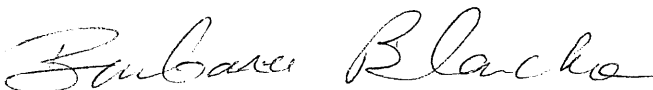
It is already very expensive to get food into our communities because they are so remote. In our Co-operative system, we make every effort to reduce those costs. Co-operatives have joined together to form a service federation, Arctic Co-operatives Limited. Our federation is able to lower our food costs per item by purchasing on behalf of all Co-operatives and acquiring volume prices. If each Co-operative tried to buy food on their own our costs would be much higher. Our federation also negotiates freight rates on a collective basis for all Co-operatives and we are able to save costs by doing that.

Even with that support, there is increasing pressure on food costs because of higher fuel costs and problems in the airline industry. Power rates are causing even greater problems for our people being able to maintain a proper diet.

If I could use the example of 2 litres of 2% milk, it may help to explain this better. With the power rates that exist in our community, it means that we have to add about 80 cents to a litre to cover the additional operating costs.

Any support that you provide in helping to achieve a more equitable arrangement for our people in Colville Lake will be greatly appreciated.

Yours Truly



Barbara Blancho
President, Kapami Co-operative