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## Planning Power for the Future; the continuing challenge



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**Report of the Board of Directors for  
1990/91**

To the Honourable Nellie Cournoyea  
 Minister Responsible for the  
 Northwest Territories Power Corporation

I am pleased to submit to you the report of the financial position of the Northwest Territories Power Corporation, together with a summary of programs and initiatives undertaken by the Corporation during the 1990/91 fiscal year.

We thank you and your staff for the cooperation and courtesy extended to us during the past fiscal year.

On behalf of the Board,

J.H. Robertson  
 Chairman  
 April, 1991

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As the Corporation comes under traditional rate setting by the Northwest Territories Public Utilities Board (PUB) it will become necessary to know more about the Corporation's customers.

Colville Lake is expected to begin in 1991/92 and work has begun on the rates and rate structure to be applied to customers in that area. This will be the Corporation's first attempt at designing rates that are cost-based and in line with the rate design guidelines of the PUB. The GNWT Executive Council directed the PUB to hold a public hearing to review the Corporation's cost of service methodology. The Corporation has begun preparations on a Submission to the PUB and filing of the submission is planned for early in the 1991/92 fiscal year. The PUB has been directed to issue a report on their findings by September, 1991.

Market Analysis

The Corporate Affairs department forecasts electrical energy consumption and demands for the communities in the Corporation's service area. A Load Forecast is prepared and published three times per year, February, June and November and is used to project sales, generation and peak demand 10 to 20 years. Forecasting in the Northwest Territories is particularly challenging as the relatively small size of most northern communities means development of even a few buildings in a small community can have a major impact on the electrical system. The challenge of forecasting is being met by developing and maintaining contacts in the communities and with government agencies and developers. As the Corporation comes under traditional rate setting by the Northwest Territories Public Utilities Board (PUB) it will become necessary to know more about the Corporation's customers. The information needed for rate setting is considerably more detailed than was previously required and the challenge exists to collect detailed information for allocating service costs in a cost effective manner. The market analyst is also involved in marketing electricity to new industrial customers. Each year corporate affairs prepares a presentation for the Northwest Territories Geoscience Forum. The forum is attended by most of the mining companies operating in the Territories and is one of the primary opportunities for the Corporation to meet prospective industrial clients.



As the Corporation comes under traditional rate setting by the Northwest Territories Public Utilities Board (PUB) it will become necessary to know more about the Corporation's customers.



Corporate Affairs

Rates and Regulatory Affairs

Regulation of the Corporation is currently within the jurisdiction of both the GNWT and the Public Utilities Board (PUB). Recent amendments to both the Northwest Territories Power Corporation Act and the Public Utilities Act will give the PUB the authority to set the rates of the Corporation effective April, 1992. Rates and Regulatory Affairs was established to prepare the Corporation to adhere to those regulatory requirements.

During 1990/91 the Executive Council of the GNWT directed the PUB to conduct an Electrical Rate Structure Review and public hearings were held at Cambridge Bay, Fort Smith, Hay River, Inuvik, Iqaluit, Rankin Inlet and Yellowknife. Presentations and submissions by the Corporation were a major component in this review process.

The PUB presented a report of its findings to the Minister in October, 1990 and the final report will form the framework for strategy to be addressed by Rates and Regulatory Affairs.

The Corporation requested and received approval from the GNWT for an across-the-board rate increase of 4.5% effective October 1, 1990. It is anticipated this will improve the financial performance of the Corporation under the legislative entitlement of a "rate of return earned by a private sector utility".

The Corporation also received approval from the GNWT for the inclusion of a Fuel Adjustment Clause to its rate schedules. The Fuel Adjustment Clause was designed to allow the Corporation to recover any exceptional oil cost increases related to the war in the Persian Gulf. Fortunately, the increases were sufficiently minor that it was not necessary to invoke this clause.

The generation and supply of electricity in

As the Corporation comes under traditional rate setting by the Northwest Territories Public Utilities Board (PUB) it will become necessary to know more about the Corporation's customers.







The degree of success of a capital program relies heavily on the justification of the need to proceed with new works.

Engineering

Activities in the engineering department in the last year focused on delivering the capital works program adopted by the Corporation. These activities were conducted around five main areas: completion of the Yellowknife transmission line and substations; construction of five new powerhouses; completion of five new berm/tank projects; installation of new diesel engine generators at three locations; and continuation of the annual extension of distribution service among the 53 communities in the service area.

Much of the success in delivery of these projects was in the regular planning and coordination exercises required to maintain project schedules.

The rugged terrain of the Canadian Shield coupled with varied ground conditions and permafrost caused many construction difficulties during the installation of tower foundations and anchors on the transmission line to Yellowknife. New problems caused by changes in the permafrost around footing and anchor points appeared in the year following completion.

A geotechnical program was initiated, including the installation of thermistors to monitor permafrost temperature, and completed late in the winter of 1990. The results of this program will help the Corporation plan any required work to accommodate future permafrost changes in this area.

The corporate relocation from Edmonton to Hay River resulted in an almost complete

turnover of staff in the engineering department. As well, it was determined that the department would facilitate an aggressive capital works program throughout the Corporation's generating plants. These two factors led to a reorganization of the department and the implementation of new procedures and guidelines.

The degree of success of a capital program relies heavily on the justification of the need to proceed with new works. The engineering department identified and initiated a number of studies to provide the justification for capital expenditure.

The engineering department of the Corporation is guided by goals, procedures and directives aimed at delivering capital programs under the appropriate controls to ensure timely, economic and reliable projects. The key to that control is the commitment, ability and discipline to plan work in a rapidly changing environment.

Finance

In anticipation of operating as a regulated utility the department of Finance is developing procedures which will allow the Corporation to provide the Public Utilities Board (PUB) with the detailed information required for rate setting purposes. A revenue requirement submission was completed during the year and public hearings also took place before the PUB.

Directives issued by the PUB in February 1991 are currently being implemented. As well, development of a Cost of Service Study is underway and the department is actively adapting the accounting systems and policies to those required of a regulated utility.

During this fiscal year the department developed procedures and trained staff to effectively deal with the implications of the federal Goods and Services Tax.

Micro Computers

Finance also oversees the Corporation's extensive computer systems. During this fiscal year the department implemented a program to increase the use of micro computers throughout all the administrative offices. The use of micro computers in the Corporation has been successfully increased to a total of 78 from a previous figure of 20 during 1988/89.

These computers are used in all areas of the operation including word processing, computer assisted design, budgeting, cost control, data analysis and the production of financial statements and reports. Micro computer use in the Corporation has increased its efficiency and ability to process large

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Caption for the image below, written in Inuktitut.



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Taltson-Snare Transmission Intertie Project.

For the third project, Legal Services was charged with developing, negotiating and implementing the first exclusive electric utility franchise agreements between the Corporation and each of the communities in the Territories to which the Corporation provides service.

Each of these projects were unique to the Northwest Territories and required a thorough knowledge of its legal and political framework together with a close working relationship with native organizations and officials of municipal, territorial and federal governments.

At the height of the department's legal activities the staff has consisted of as many as five people working in-house and up to ten outside consultants. Its staffing structure has been designed to allow for permanent, term or contract employment to meet the fluctuating demands of the Corporation's legal activities.

The department is also required to act as Corporate Secretary to facilitate appropriate record keeping of corporate decisions and coordinate meetings of the Corporation's management and Board of Directors.

As a result of the successful reorganization of the department, fluctuating workload has stabilized measurably over the past year with most legal matters handled from within the Corporation. In addition, much of the routine work initially handled by Legal Services is now conducted by administrative staff in other departments of the Corporation.

Activities continued in the Corporation's three year PCB Decontamination Program as it entered its second year in May, 1990.



Operations

In April, 1990 this department commissioned a new power plant at Coral Harbour and received approval to proceed with the design of a new power plant at Colville Lake.

Activities continued in the Corporation's three year PCB Decontamination Program as it entered its second year in May, 1990. During

the following five months several power plants in the Mackenzie Valley, northern Arctic, Baffin Island and Keewatin Region were inspected and any PCB contaminated oil was replaced. All contaminated oil was transferred to a special storage compound at Pine Point for safekeeping and future disposal.

A new substation was constructed at Snare Falls as part of the new 115kV Transmission System between Snare and Yellowknife. The new transmission system was then brought into operation and the original 115kV system was transferred to standby service.

During this fiscal year the annual resupply of Bent Horn crude oil to the Resolute Bay power plant ended as the power plant has reverted to the use of more readily available diesel fuel oil. Improvements to several of the Corporation's fuel oil storage systems were carried out in order to reduce the possibility of fuel oil spills from the systems.

The main building for a new power plant at Whale Cove was erected and a number of systems were installed in the building and await completion during the next fiscal year. Site work also continued on the preparation of new power plants at Pond Inlet, Lake Harbour and Tuktoyaktuk.

In preparation for the winter season all hydro and diesel power generating units across the Corporation were made available in the fall of 1990. In Yellowknife the winter's power generation program experienced no power outages or major supply problems. The highest peak power demand for the winter period was 39.5 M W which was 1 M W less than for the same period last year - a direct benefit of the new 115kV transmission line.

A thorough review was completed of the capacities of diesel power generating units required in all the Corporation's power plants over the next five years. This review will facilitate long term planning and development with respect to the operations of the Corporation.

Personnel

This fiscal year the Personnel department was successful in staffing all remaining positions in the corporate head office. Approximately 40% of the Corporation's staff is now comprised of those qualifying under affirmative action. This figure includes aboriginal, female and other employees who have lived more than half their lives in the Northwest Territories.

The department negotiated another one

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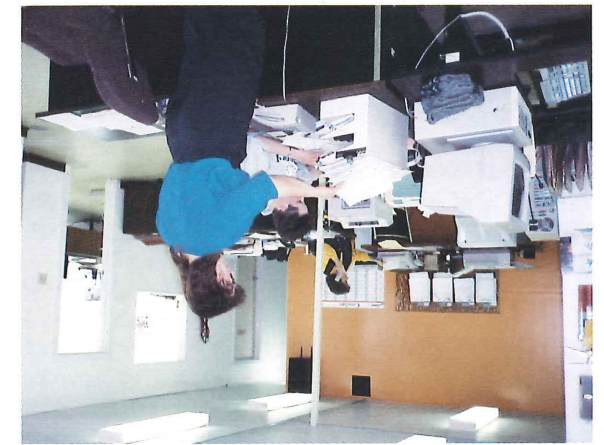
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year collective agreement during 1990/91 which by fiscal year end was awaiting ratification by union members. The Corporation's management met with the Union of Northern Workers (UNW) on the subject of inclusions and exclusions from the bargaining unit. An arbitrator ruled in January of 1991 on positions which could not be agreed to. After the status of most positions was agreed to and an arbitrator had ruled on the remainder, 51 positions were excluded from the union and 228 were included in the bargaining unit.

The department was invited to address a range of topics at the Area Superintendent's Conference including: employee discipline; grievance handling; and the collective agreement. During the coming year the department is planning travel to the Area offices to conduct training seminars on these topics as well as hiring procedures.

The annual Long Service Award and Retirement Dinner coordinated by the department was a great success. The ceremony honoured employees who had retired during the year and those who had completed 15, 20, 25 and 30 years of service with the Corporation.



**Purchasing**

During the 1990/91 fiscal year Purchasing completed its first full year of northern operations and continued the corporate emphasis on both the use of northern goods and services and the use of environmentally friendly materials wherever possible.

The Corporation currently uses numerous products made from recycled materials including photocopy paper, envelopes, engine wiping materials, shipping materials, corporate forms, and cleaning materials. The Corporation is actively reviewing and testing various chemical products for possible replacement

with environmentally friendly products. The department introduced plans to standardize materials used throughout the Corporation. Standards will be developed for a number of material categories which should increase purchasing efficiency and reduce overall costs. All forms used corporate wide have now been standardized and a contract was negotiated and issued for the re-design, development and supply of those forms.

**Warehouses**

The Corporation maintains warehouse facilities in Hay River, Inuvik, Iqaluit, Rankin Inlet and Yellowknife as well as a Marshalling Centre in Edmonton. Safety and Training is a priority at these facilities and all warehouse employees must be fully trained in WHMIS and the Transportation of Dangerous Goods Regulations.

The Hay River warehouse facility completed its first year of operations providing daily warehouse and marshalling services and operations will be expanded for the next re-supply period. In Rankin Inlet a warehouse employee was added to the operation to support the growing requirements of that area.

**Sealift**

The annual Eastern Arctic Sealift Conference was held in Iqaluit in December, 1990. This conference provides the opportunity for all shippers, marshalling agents and representatives from various government agencies to exchange ideas and methods for enhancing resupply operations.

For many of the participants it was their first trip North and offered an invaluable first hand experience to view the off-loading facilities for the resupply of a northern community. All sites were resupplied with a minimum of problems, with the exception of Cape Dorset which was delayed due to ice conditions. Future plans for resupply include the increased use of containers for freight.

During Sealift, the purchasing department oversees the ordering and transfer of materials through ports at Montreal, Churchill and Hay River. Tonnage for this fiscal year was: Montreal - 540 tonnes; Churchill - 440 tonnes; and Hay River - 345 tonnes. Materials are also supplied on a regular basis by road to plants accessible on a road system.

Purchasing monitors the Corporation's requirements for materials and services to meet the increasing demands as plants are modernized and expanded. During 1990/91 Purchasing issued 77 tender calls and actioned 5800 requisitions. Total purchases were \$48 million which included \$31.2 million for fuel oil.

**The Corporation is actively reviewing and testing various chemical products for possible replacement with environmentally friendly products.**

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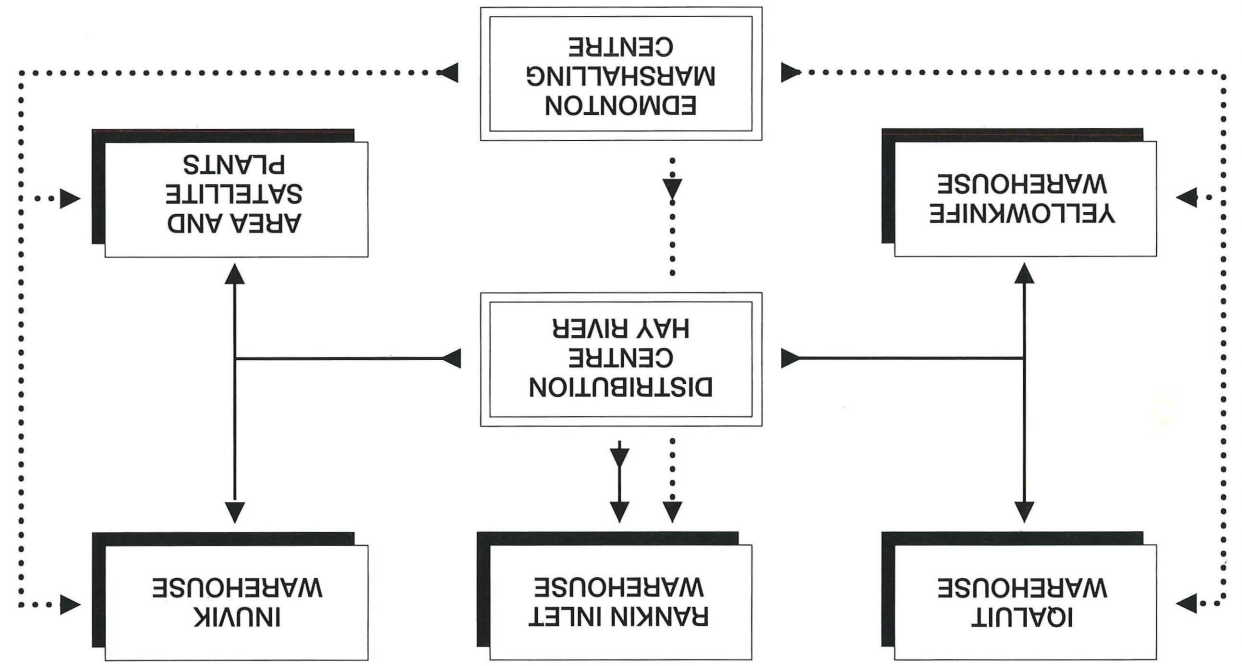
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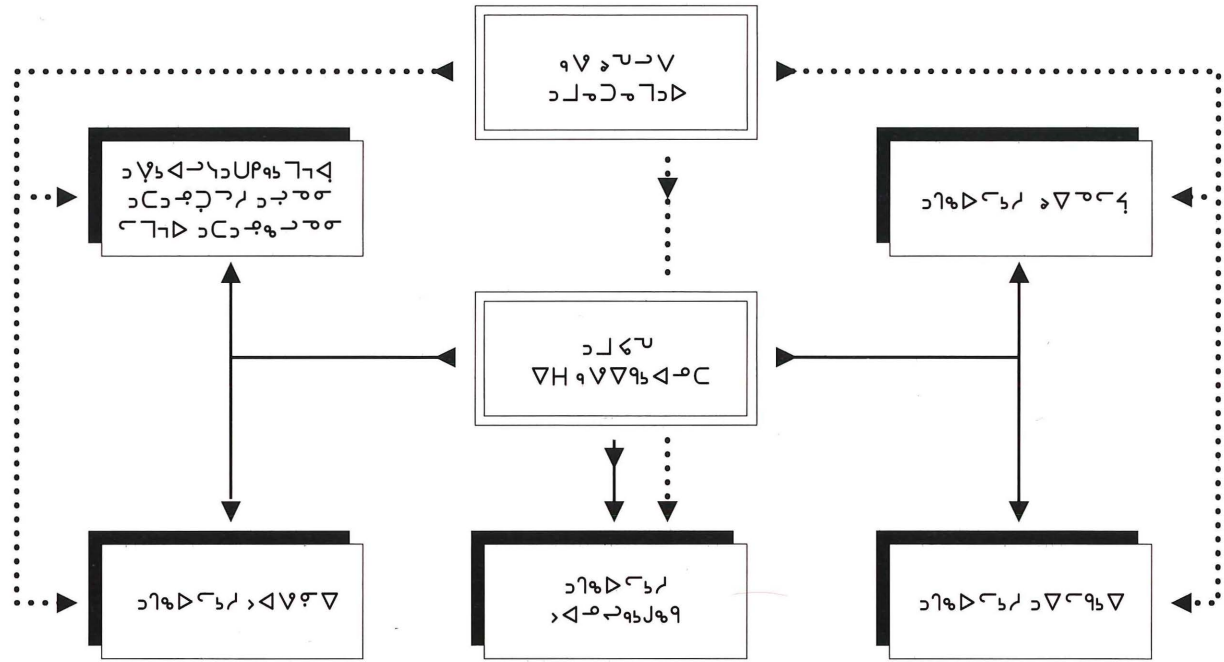
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Legend  
 ●●●●● Distribution Centre to Plants  
 — Distribution Centre to Plants

Warehouse Facility Flow Chart



Legend for flowchart:  
 ●●●●● Department of Public Works and Engineering  
 ——— Department of Transport and Communications  
 ——— Department of Health and Social Services

Port of Montreal, Port of Churchill, Port of Hay River

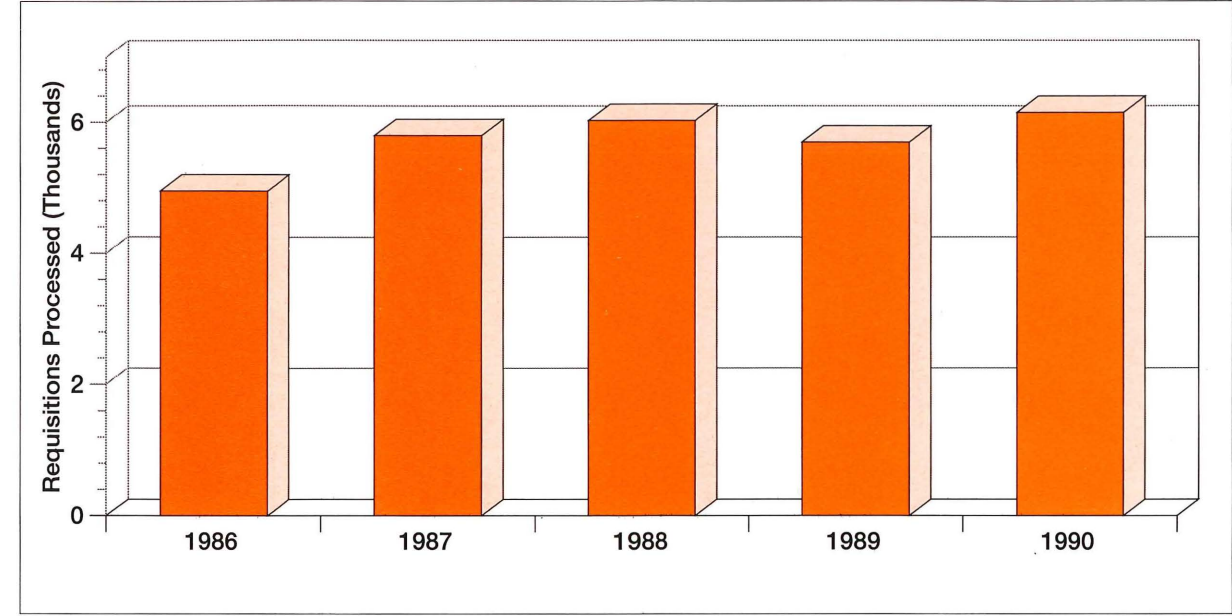
Information regarding the Port of Montreal, including financial data and operational details.

1987-88: \$18.2 million  
 1988-89: \$18.2 million  
 1989-90: \$18.2 million

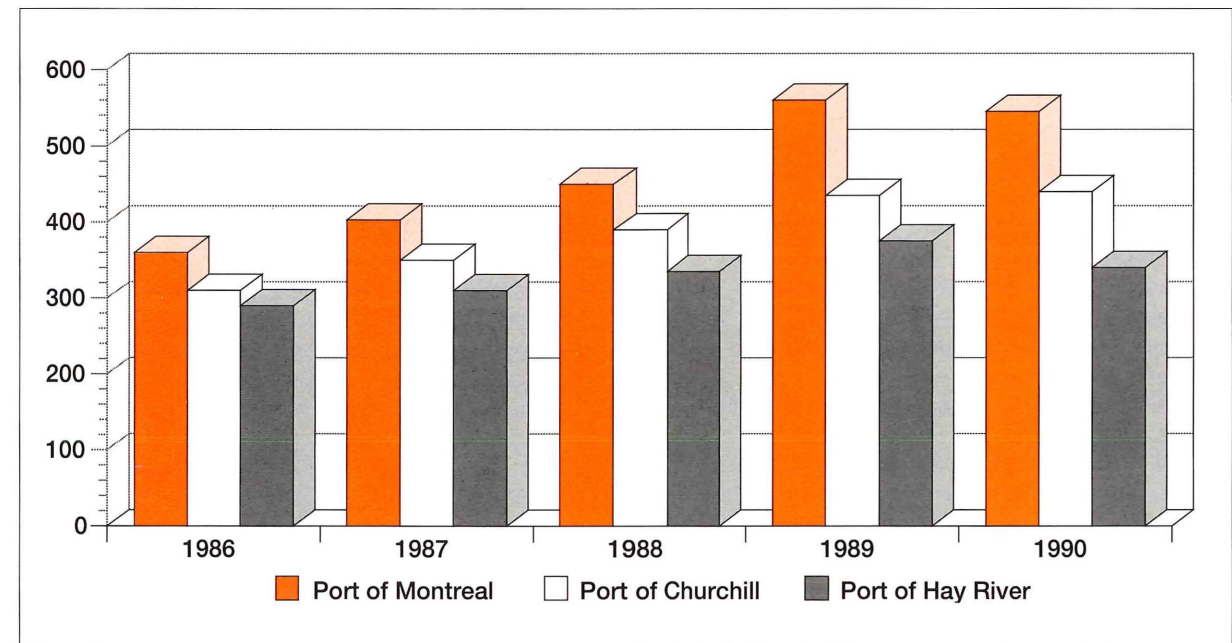
Information regarding the Port of Churchill and Port of Hay River, including financial data and operational details.

1987-88: \$18.2 million  
 1988-89: \$18.2 million  
 1989-90: \$18.2 million

Requisitions Processed



Tonnage for Resupply





**Safety and Security**

An emphasis on training directed the activities of this department throughout the fiscal year and a steering committee was formed to develop a new "Safety Orientation Program" for the Corporation.

A pilot for the program was conducted at Inuvik to test the course materials and proposed training manuals. Five persons were trained to instruct other Corporation employees in safety orientation and five employees from the Inuvik area were enlisted to receive the proposed training program. Evaluation of the program is underway.

The previous corporate Safety Manual also underwent critical evaluation in 1990 and is expected to be replaced by the Electrical Utilities Safety Association of Ontario (EUSA) Rule Book and distributed throughout the Corporation by July, 1991.

The EUSA Rule Book is used extensively in several Canadian provinces and is considered appropriate for use in the Northwest Territories. The book will include the EUSA Utility Protection Code and additional directives on steam plants, generating stations, helicopters, fixed wing travel, winter road travel, and snowmobile safety.

The Corporation completed arrangements with the Safety Division of the Government of the Northwest Territories (GNWT) to provide Workplace Hazardous Materials Information System (WHMIS) training to employees across the service area. Employees in the Inuvik and Yellowknife area have received the training and

sessions are planned for the Rankin and Iqaluit areas.

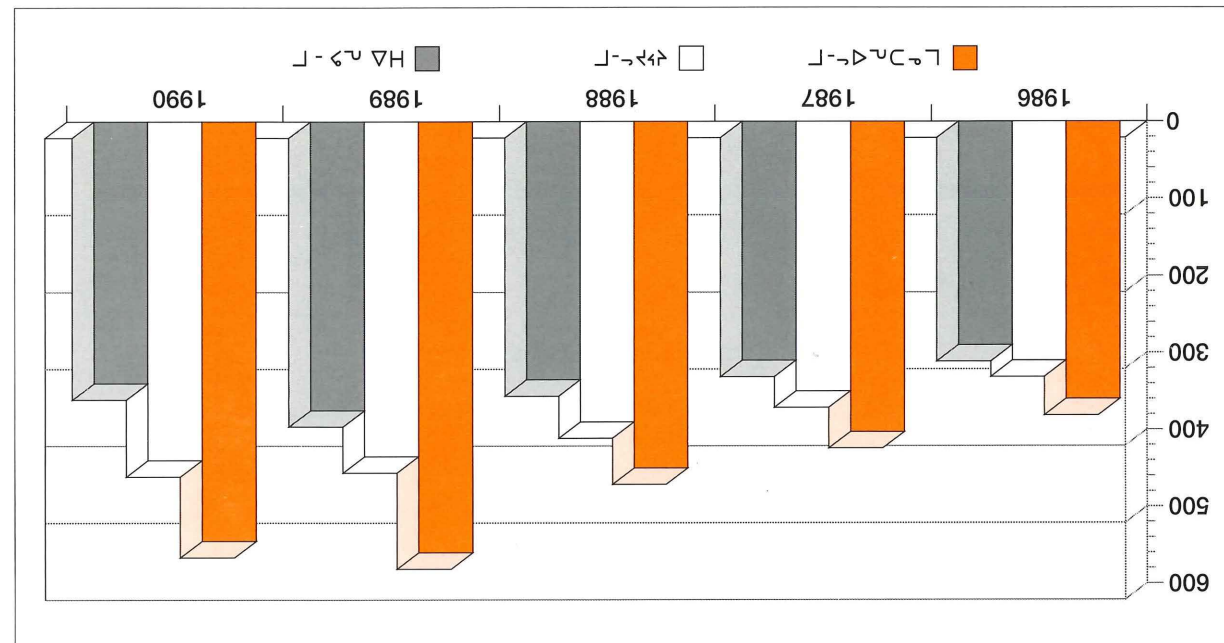
Fire inspectors from the Fire Marshall's office of the GNWT agreed to do "hands on" fire extinguisher training for all area plants. The Corporation has standardized its fire extinguishers to the ANSUL type and Levitt Safety volunteered their services to provide annual training courses at the Corporation's larger plants.

Standard First Aid and Cardio-Pulmonary Resuscitation (CPR) training courses were completed at the plants in Fort Smith, Inuvik, Iqaluit and Yellowknife (Jackfish).

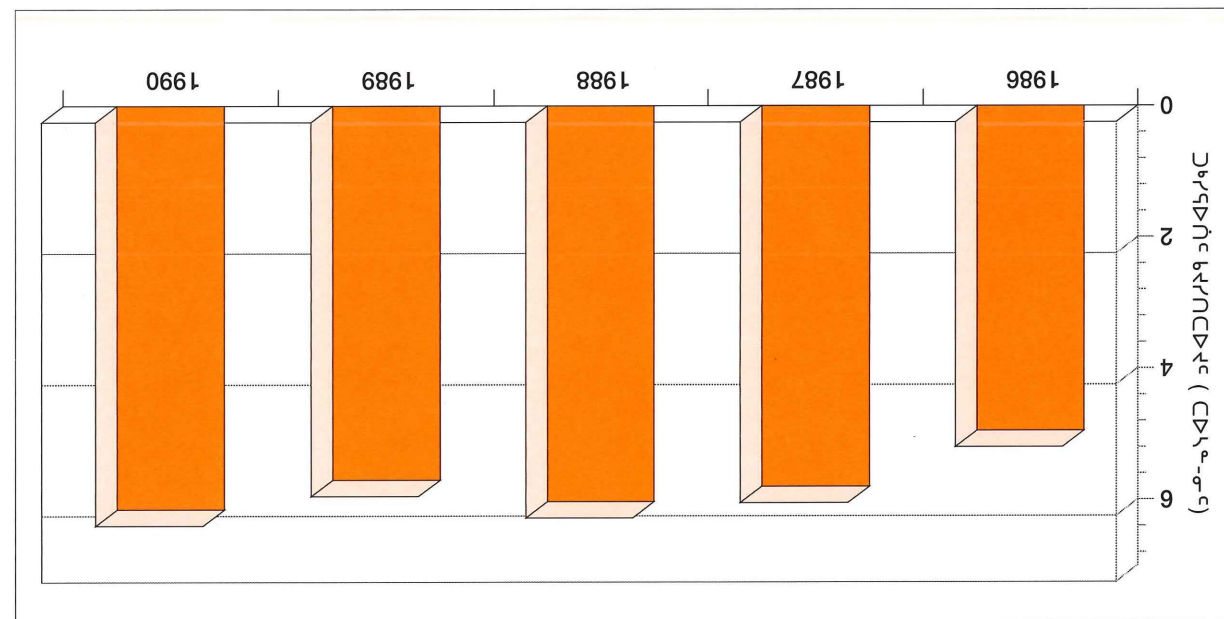
The Director, Safety and Security and two representatives from Purchasing travelled the Keewatin Region to inspect plant facilities. The safety tour included all plants in the Keewatin as well as those at Igloodik and Hall Beach. A significant improvement has been experienced in general plant housekeeping, and in the storage and handling of transformers, waste, lube oils and line material.

The positive results experienced following the Keewatin safety tour have spearheaded an effort across the Corporation to continue to improve safety standards in the workplace.

An emphasis on training directed the activities of this department throughout the fiscal year.



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1990-1986 ( ) 2000-1





UTILITY SERVICE AREA

- Thermal Plant (Gas Turbine)
- Thermal Plant (Diesel)
- ▲ Hydro Plant
- Electricity, Central Heating, Water and Sewerage
- ▲ Electricity and Central Heating
- Transmission Lines
- Corporate Head Office - Northwest Territories Power Corporation



דאָס אָנזאָץ פֿאַר אַ בִּיאָמאַס פֿאַרמאַן דורך אַ רעדאָוינג פֿאַרמאַן.

אין אַזוי אַ פֿאַרמאַן וועט אַ פֿאַרמאַן אָנזאָץ פֿאַר אַ בִּיאָמאַס פֿאַרמאַן דורך אַ רעדאָוינג פֿאַרמאַן. אַזוי אַ פֿאַרמאַן וועט אַ פֿאַרמאַן אָנזאָץ פֿאַר אַ בִּיאָמאַס פֿאַרמאַן דורך אַ רעדאָוינג פֿאַרמאַן. אַזוי אַ פֿאַרמאַן וועט אַ פֿאַרמאַן אָנזאָץ פֿאַר אַ בִּיאָמאַס פֿאַרמאַן דורך אַ רעדאָוינג פֿאַרמאַן.

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**Board of Directors**

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J.H. Robertson, Chairman  
J. Britton, Vice-Chairman  
G.R. Green, Member  
J. Groenewegen, Member  
R. Hardy, Member  
K. Harper, Member  
R.D. Kidd, Member  
J.N. Olsen, Member  
J. Parker, Member

**Advisors**

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B. Adema, Financial Advisor  
E.W. Humphrys, Technical Advisor

**Officers**

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J.H. Robertson, Chairman & CEO  
R.D. Kidd, President & COO  
G.R. Green, Sr. Vice-President  
D. Ramsden, Vice-President, Engineering  
& Operations  
W.E. Gagnon, Director Legal Services &  
Corporate Secretary  
S. Spicoluk, Director Corporate Affairs  
R. Blowers, Director Purchasing  
L. Courneya, Director Finance  
S. McDonald, Director Personnel  
J.A. Nelson, Director Internal Audit  
L. Seguin, Director Engineering  
J. Davies, Director Operations  
B. Campbell, Director Safety & Security  
K. Lewis, Director Corporate Development

מגדל התעופה - תל אביב  
, דרך הירוקים 100, תל אביב 6150  
בניין 100, תל אביב 6150  
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מגדל התעופה - תל אביב  
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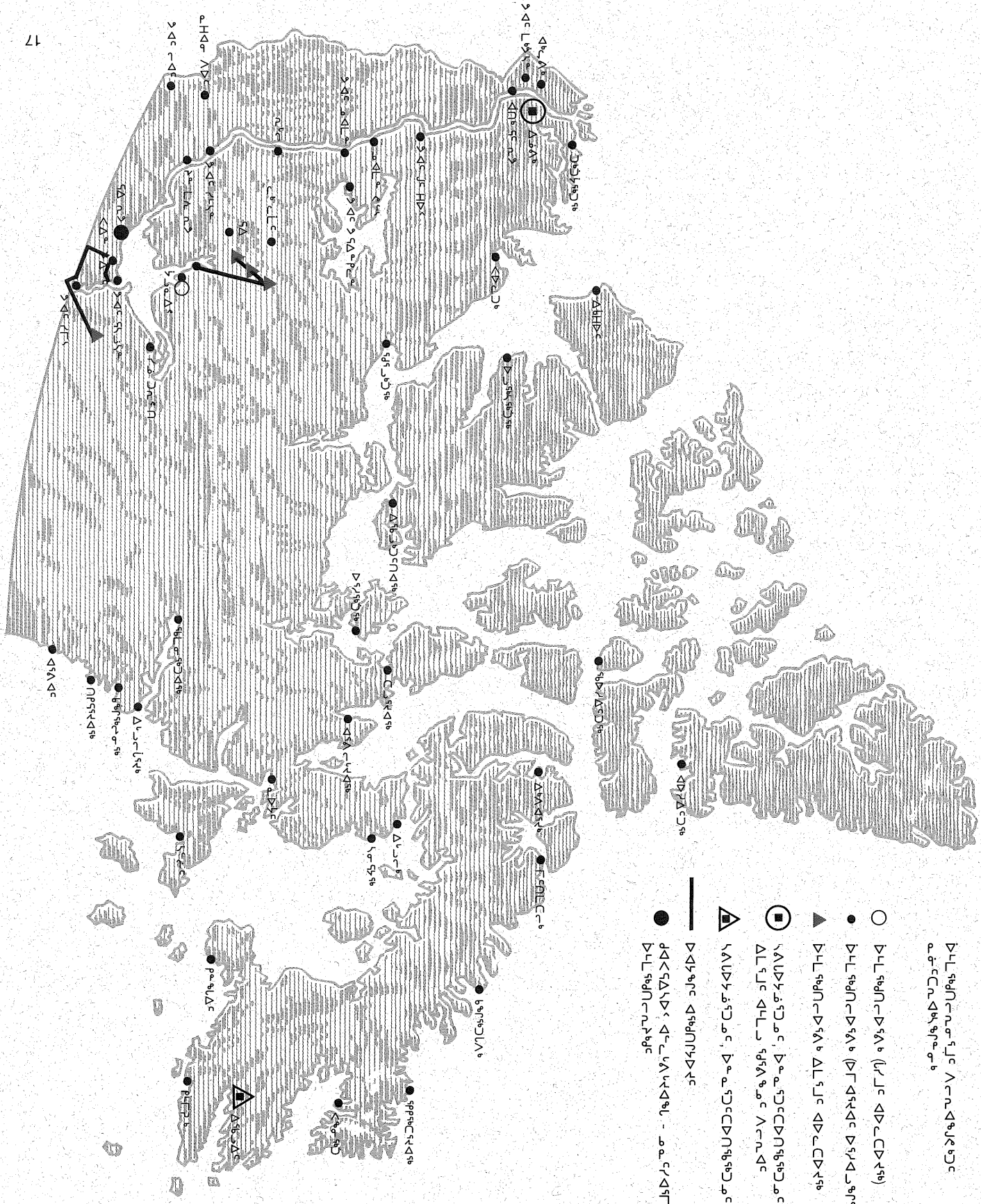
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בניין 100, תל אביב 6150

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# NORTHWEST TERRITORIES POWER CORPORATION

Annual Report  
for the year ended March 31, 1991



- - 100 kV transmission line
  - ▴ - Hydroelectric plant
  - ◻ - 115 kV transmission line
  - ▼ - 230 kV transmission line
  - - 500 kV transmission line
  - (with vertical line) - 735 kV transmission line
- 100 kV transmission line  
 Hydroelectric plant  
 115 kV transmission line  
 230 kV transmission line  
 500 kV transmission line  
 735 kV transmission line





## Management's Responsibility for Financial Reporting

The Honourable Nellie Cournoyea  
Minister Responsible for the  
Northwest Territories Power Corporation

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain of its members to serve on the Audit Committee. This Committee oversees management's responsibilities for financial reporting and reviews and approves the financial statements. The internal and external auditors have full and free access to the Audit Committee.

R.D. Kidd  
President

Gordon R. Green  
Senior Vice President

## NORTHWEST TERRITORIES POWER CORPORATION

### Schedule of Write-Offs for the year ended March 31, 1991 (unaudited)

#### Property and Equipment

| Plant      | Description                       | Original Cost       | Accumulated Depreciation | Net Book Value      |
|------------|-----------------------------------|---------------------|--------------------------|---------------------|
| Iqaluit    | Powerhouse fire Protection system | \$ 70,762.61        | \$ 27,050.03             | \$ 43,712.58        |
|            | Heating furnace for warehouse     | 2,733.84            | 1,484.18                 | 1,249.66            |
| Pine Point | 4 Br. Detached Unit #340          | 6,600.00            | 0.00                     | 6,600.00            |
|            | 4 Br. Detached Unit #341          | 6,600.00            | 0.00                     | 6,600.00            |
| Edmonton   | Miscellaneous office equipment    | 168,410.77          | 139,080.56               | 29,330.21           |
|            |                                   | <b>\$255,107.22</b> | <b>\$167,614.77</b>      | <b>\$ 87,492.45</b> |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Schedule of Write-offs  
for the year ended March 31, 1991  
(unaudited)**

Accounts Receivable

| Plant        | Name               | Amount                    |
|--------------|--------------------|---------------------------|
| Ft. Simpson  | Haslam, Gordon     | \$ 1,830.97               |
| Inuvik       | Azure, Joyce       | 548.65                    |
|              | Foisy, John        | 806.63                    |
|              | Morrisette, Gerald | 733.81                    |
|              | Percy's Trucking   | 1,166.78                  |
|              | Pluim Contractors  | 2,436.48                  |
|              | P.M. Supply        | 1,229.77                  |
| Iqaluit      | Holben, J.D.       | 667.24                    |
| Norman Wells | NWT Holdings       | 1,141.37                  |
| Hay River    | Mihaila, Ion       | 5,188.76                  |
|              |                    | <b><u>\$15,750.46</u></b> |

## Auditor's Report

To the Minister Responsible for the  
Northwest Territories Power Corporation

I have audited the balance sheet of the Northwest Territories Power Corporation as at March 31, 1991 and the statements of income, retained earnings, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in accounting for gain or loss on disposal of property and equipment as explained in Note 3 to the financial statements, and except for the change in the method of calculating interest on funds used during construction as explained in Note 4, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act, the Northwest Territories Power Corporation Act and regulations and the by-laws of the Corporation.

Raymond Dubois FCA  
Deputy Auditor General  
for the Auditor General of Canada  
Ottawa, Canada  
May 24, 1991



# Financial Statements

## NORTHWEST TERRITORIES POWER CORPORATION

### Balance Sheet as at March 31, 1991

#### ASSETS

|                                   | 1991                    | 1990                    |
|-----------------------------------|-------------------------|-------------------------|
|                                   | (thousands of dollars)  |                         |
|                                   |                         | (restated)              |
| Current                           |                         |                         |
| Cash and short-term deposits      | \$ -                    | \$ 5,525                |
| Accounts receivable (Note 5)      | 14,141                  | 13,544                  |
| Prepaid expenses                  | 1,111                   | 826                     |
| Inventories                       |                         |                         |
| Fuel and lubricants               | 10,015                  | 10,342                  |
| Materials and supplies            | 3,910                   | 3,453                   |
|                                   | <u>29,177</u>           | <u>33,690</u>           |
| Property and equipment            |                         |                         |
| In service (Note 6)               | 128,395                 | 104,731                 |
| Construction work in progress     | 6,060                   | 21,087                  |
|                                   | <u>134,455</u>          | <u>125,818</u>          |
| Other                             |                         |                         |
| Housing loans receivable (Note 7) | 1,029                   | 723                     |
| Deferred charges (Note 8)         | 558                     | 479                     |
|                                   | <u>1,587</u>            | <u>1,202</u>            |
|                                   | <u><b>\$165,219</b></u> | <u><b>\$160,710</b></u> |

Approved by the Board:

J.H. Robertson  
Chairman

J. Britton  
Director

## NORTHWEST TERRITORIES POWER CORPORATION

### Schedule of Write-offs for the year ended March 31, 1991 (unaudited)

| Cash           |            |                        |
|----------------|------------|------------------------|
| Plant          | Month/Year | Amount                 |
| Fort McPherson | Feb/90     | \$ 648.03              |
|                |            | <u><b>\$648.03</b></u> |

## Schedules

(unaudited)

Pursuant to Section 84 of the Financial Administration Act, the Corporation has written off the following assets, debts or obligations during the year that exceeded \$500.

## NORTHWEST TERRITORIES POWER CORPORATION

Balance Sheet  
as at March 31, 1991

### LIABILITIES

|  | 1991                   | 1990          |
|--|------------------------|---------------|
|  | (thousands of dollars) |               |
|  |                        | (restated)    |
| Current  |                        |               |
| Bank indebtedness                              | \$ 2,122               | \$ -          |
| Accounts payable (Note 9)                      | 10,831                 | 14,003        |
| Bank loan payable                              | 11,000                 | -             |
| Current portion of long-term debt              | 5,350                  | 5,350         |
| Due to the Town of Inuvik - in trust (Note 10) | 3,173                  | 2,011         |
|  | <u>32,476</u>          | <u>21,364</u> |
| Long-term                                      |                        |               |
| Long-term debt (Note 11)                       | 57,450                 | 62,800        |
| Employee termination benefits (Note 12)        | 839                    | 869           |
|  | <u>58,289</u>          | <u>63,669</u> |
| Deferred credits                               |                        |               |
| Contributions in aid of construction           | 2,964                  | 3,152         |
| Contributed assets                             | 3,133                  | 3,579         |
|  | <u>6,097</u>           | <u>6,731</u>  |

### SHAREHOLDER'S EQUITY

|  |                          |                          |
|--|--------------------------|--------------------------|
| Capital stock -  |                          |                          |
| Authorized: Unlimited number of voting,<br>common shares without par value |                          |                          |
| Issued and fully paid:   |                          |                          |
| 431,288 common shares  | 43,129                   | 43,129                   |
| Retained earnings (Note 3)   | 25,228                   | 25,817                   |
|  | <u>68,357</u>            | <u>68,946</u>            |
|  | <b><u>\$ 165,219</u></b> | <b><u>\$ 160,710</u></b> |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Statement of Income  
for the year ended March 31, 1991**

|  | <u>1991</u>            | <u>1990</u>              |
|--|------------------------|--------------------------|
|  | (thousands of dollars) | (restated)               |
| Revenues   |                        |                          |
| Sale of power  | \$ 81,674              | \$ 74,080                |
| Sale of heat   | 6,108                  | 6,239                    |
| Other  | 2,304                  | 1,872                    |
|  | <u>90,086</u>          | <u>82,191</u>            |
| Expenses (Note 13)                                       |                        |                          |
| Fuel and lubricants                                      | 32,161                 | 30,061                   |
| Salaries and wages                                       | 20,535                 | 18,491                   |
| Supplies and services                                    | 16,660                 | 18,518                   |
| Amortization   | 9,256                  | 8,779                    |
| Travel and accommodation                                 | 3,148                  | 2,598                    |
|  | <u>81,760</u>          | <u>78,447</u>            |
| Income from operations                                   | <u>8,326</u>           | <u>3,744</u>             |
| Allowance for funds used during<br>construction (Note 4) | 1,816                  | -                        |
| Interest during construction                             | -                      | 1,612                    |
| Interest income  | 395                    | 1,897                    |
|  | <u>2,211</u>           | <u>3,509</u>             |
| Income before the undernoted                             | <u>10,537</u>          | <u>7,253</u>             |
| Interest expense (Note 14)                               | 8,342                  | 7,656                    |
| Relocation expenses                                      | -                      | 994                      |
|  | <u>8,342</u>           | <u>8,650</u>             |
| <b>Net income (loss)</b>                                 | <b><u>\$ 2,195</u></b> | <b><u>\$ (1,397)</u></b> |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**16. Related party transactions**

The Corporation is a Territorial Crown corporation and consequently is related to the Government of the Northwest Territories, and its Crown corporations, Arctic College, Workers' Compensation Board (Northwest Territories) and the Northwest Territories Housing Corporation.

The Corporation provides utility services to, and purchases fuel and other services from these related parties. These services and purchases are provided and made at the same rates and terms as those charged to similar unrelated customers.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

|                                | <u>1991</u>            | <u>1990</u> |
|--------------------------------|------------------------|-------------|
|                                | (thousands of dollars) |             |
| Sale of power, heat and water  | \$ 20,190              | \$ 18,696   |
| Purchase of fuel               | 10,360                 | 8,793       |
| Fuel tax                       | 1,831                  | 1,638       |
| Workers' compensation payments | 162                    | 190         |
| Other                          | 343                    | 162         |
| Balances at year end           |                        |             |
| Accounts receivable            | 1,667                  | 1,720       |
| Accounts payable               | 1,946                  | 2,393       |

**17. Comparative figures**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year or restated for the change in accounting policy.

**18. Subsequent event**

The Corporation is negotiating the issuance of a \$15,000,000, 20 year, 11 1/8% sinking fund debenture. The completion of the issue is expected to be finalized June 6, 1991.

The proceeds of this long-term debt will be used to repay outstanding bank loans and to finance capital projects.



**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**11. Long-term debt (continued)**

A sinking fund will be established for the debentures, on March 9, 1995, into which amounts will be deposited annually, which together with interest earned, will be sufficient to retire the debentures outstanding at maturity.

Principal repayments for the sinking fund debentures and the promissory note are as follows:

|           |                     |
|-----------|---------------------|
| 1992      | \$ 5,350,000        |
| 1993      | 5,350,000           |
| 1994      | 5,350,000           |
| 1995      | 6,050,000           |
| 1996      | 6,050,000           |
| 1997-2009 | 34,650,000          |
|           | <u>\$62,800,000</u> |

**12. Employee leave and termination benefits**

Under their conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on the number of years of service. Annual leave is payable within one fiscal year. The payment of the other amounts is dependent on employees leaving the Corporation.

**13. Expenses**

An amount of \$10,458,000 (1990 - \$9,026,000) in engineering and general administration expenses has been incurred. Of this amount \$1,223,000 (1990 - \$503,000) has been capitalized.

**14. Interest expense**

|   | 1991                   | 1990            |
|---|------------------------|-----------------|
|   | (thousands of dollars) |                 |
| Interest on long-term debt              |                        |                 |
| Government of the Northwest Territories | \$ 4,844               | \$ 5,432        |
| Sinking fund debentures                 | 2,200                  | 2,200           |
| Other interest                          | 1,298                  | 24              |
|   | <u>\$ 8,342</u>        | <u>\$ 7,656</u> |

**15. Commitments**

The estimated cost to complete capital projects as at March 31, 1991, was \$24,387,000 (1990 - \$19,191,000).

**NORTHWEST TERRITORIES POWER CORPORATION**

**Statement of Retained Earnings  
for the year ended March 31, 1991**

|   | 1991                    | 1990                    |
|---|-------------------------|-------------------------|
|   | (thousands of dollars)  |                         |
| Retained earnings, at beginning of the year   |                         |                         |
| As previously stated  | \$ 25,305               | \$ 26,676               |
| Adjustment for change in accounting for disposal of property and equipment (Note 3) | 512                     | 538                     |
| As restated   | 25,817                  | 27,214                  |
| Net income (loss)   | 2,195                   | (1,397)                 |
|   | 28,012                  | 25,817                  |
| Dividend  | 2,784                   | -                       |
| <b>Retained earnings, at end of the year</b>  | <b><u>\$ 25,228</u></b> | <b><u>\$ 25,817</u></b> |

**NORTHWEST TERRITORIES POWER CORPORATION**  
**Statement of Changes in Financial Position**  
**for the year ended March 31, 1991**

|  | 1991                     | 1990                   |
|--|--------------------------|------------------------|
|  | (thousands of dollars)   | (restated)             |
| Cash and short-term deposits provided by (used for):                       |                          |                        |
| Operating activities   |                          |                        |
| Net income (loss)  | \$ 2,195                 | \$ (1,397)             |
| Items not requiring an outlay of funds                                     |                          |                        |
| Amortization   | 9,256                    | 8,779                  |
|  | <u>11,451</u>            | <u>7,382</u>           |
| Non-cash current assets  | (1,012)                  | (867)                  |
| Accounts payable   | (3,172)                  | (387)                  |
| Due to the Town of Inuvik - in trust                                       | 1,162                    | 1,615                  |
| Employee termination benefits  | (30)                     | (71)                   |
|  | <u>8,399</u>             | <u>7,672</u>           |
| Funds provided by operating activities                                     |                          |                        |
| Investing activities   |                          |                        |
| Acquisition of property and equipment                                      | (18,611)                 | (22,900)               |
| Proceeds on disposal of property and equipment                             | 29                       | 49                     |
| Housing loans receivable   | (306)                    | (683)                  |
| Deferred charges   | (188)                    | (43)                   |
|  | <u>(19,076)</u>          | <u>(23,577)</u>        |
| Funds used for investing activities  |                          |                        |
| Financing activities   |                          |                        |
| Repayment of long-term debt  | (5,350)                  | (5,350)                |
| Dividend paid  | (2,620)                  | (2,600)                |
| Proceeds from bank loan  | 11,000                   | -                      |
| Financing costs incurred   | -                        | (6)                    |
|  | <u>3,030</u>             | <u>(7,956)</u>         |
| Funds provided by (used for) financing activities                          |                          |                        |
| (Decrease) in cash and short-term deposits                                 | (7,647)                  | (23,861)               |
| Cash and short-term deposits at beginning of the year                      | 5,525                    | 29,386                 |
| <b>(Bank indebtedness) cash and short-term deposits at end of the year</b> | <b><u>\$ (2,122)</u></b> | <b><u>\$ 5,525</u></b> |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements**  
**March 31, 1991**

**9. Accounts payable**

|   | 1991                   | 1990                   |
|---|------------------------|------------------------|
|   | (thousands of dollars) | (thousands of dollars) |
| Trade payables                          | \$ 6,269               | \$ 7,475               |
| Accrued interest                        | 1,401                  | 1,562                  |
| Fuel tax                                | 999                    | 2,944                  |
| Employee leave and termination benefits | 811                    | 671                    |
| Contractors' holdbacks                  | 573                    | 482                    |
| Deposits                                | 441                    | 508                    |
| Dividend payable                        | 164                    | -                      |
| G.S.T.                                  | 96                     | -                      |
| Payroll                                 | 77                     | 139                    |
| Deferred revenue                        | -                      | 222                    |
|   | <u>\$ 10,831</u>       | <u>\$ 14,003</u>       |

**10. Due to the Town of Inuvik - in trust**

This amount represents funds held in trust for the Town of Inuvik for capital repairs to the utilidor system.

Expenditures are made from this trust, subject to the agreement of the Inuvik Utilidor Planning Committee made up of representatives of the Town of Inuvik, the Department of Municipal and Community Affairs of the Government of the Northwest Territories, and the Northwest Territories Power Corporation.

**11. Long-term debt**

|  | 1991                   | 1990                   |
|--|------------------------|------------------------|
|  | (thousands of dollars) | (thousands of dollars) |
| Promissory note to the Government of the Northwest Territories, repayable in ten equal annual instalments of \$5,350,000, maturing June 23, 1998 bearing interest at 11% semi-annually | \$ 42,800              | \$ 48,150              |
| Sinking fund debentures, unconditionally guaranteed by the Government of the Northwest Territories, due March 9, 2009, bearing interest at 11% semi-annually                           | 20,000                 | 20,000                 |
|  | <u>62,800</u>          | <u>68,150</u>          |
| Less current portion   | 5,350                  | 5,350                  |
|  | <u>\$ 57,450</u>       | <u>\$ 62,800</u>       |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**6. Property and equipment in service**

|   | 1991                   |                          | 1990             |                  |
|---|------------------------|--------------------------|------------------|------------------|
|   | (thousands of dollars) |                          |                  |                  |
|   | Cost                   | Accumulated Amortization | Net Book Value   | Net Book Value   |
| Electrical power plants                           | \$149,042              | \$69,976                 | \$79,066         | \$74,089         |
| Transmission and distribution systems             | 49,979                 | 13,453                   | 36,526           | 16,691           |
| Warehouses, motor vehicles and general facilities | 12,792                 | 5,955                    | 6,837            | 7,071            |
| Staff accommodation                               | 7,754                  | 2,908                    | 4,846            | 5,509            |
| Other utilities                                   | 3,029                  | 1,909                    | 1,120            | 1,371            |
|   | <u>\$222,596</u>       | <u>\$ 94,201</u>         | <u>\$128,395</u> | <u>\$104,731</u> |

**7. Housing loans receivable**

Employee housing loans are non-interest bearing and require no principal repayment for five years. The loans are secured by a second mortgage on the properties as title is transferred to the employees.

**8. Deferred charges**

|                               | 1991                   | 1990          |
|-------------------------------|------------------------|---------------|
|                               | (thousands of dollars) |               |
| Financing costs               | \$ 505                 | \$ 505        |
| Regulatory costs              | 216                    | 43            |
| Other                         | 15                     | -             |
|                               | <u>736</u>             | <u>548</u>    |
| Less accumulated amortization | <u>178</u>             | <u>69</u>     |
|                               | <u>\$ 558</u>          | <u>\$ 479</u> |

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**1. Authority and operations**

The Corporation operates under the authority of the Northwest Territories Power Corporation Act and the Financial Administration Act and is a Crown corporation of the Government of the Northwest Territories.

The Corporation operates diesel and hydro-electric production facilities to provide utility services on a self sustaining basis in the Northwest Territories. The Corporation's revenue requirement is subject to approval by the Public Utilities Board and its rates are set by the Government of the Northwest Territories.

The Corporation is exempt from income tax.

**2. Accounting policies**

A summary of the significant accounting policies follows:

**Inventories**

Fuel and lubricants are valued at the lower of average cost and net realizable value. Materials and supplies are valued at the lower of cost and replacement cost.

**Property and equipment**

Property and equipment, excluding that donated to the Corporation by Canada and others, are carried at cost less accumulated amortization. Costs of additions, betterments and major renewals are capitalized. In addition to direct costs of goods and services, capital project costs include an allowance for funds used during construction at a rate approved by the Public Utilities Board and a share of engineering and general administration expense which is directly attributable to the project.

Property and equipment donated to the Corporation by Canada and others are recorded at their estimated fair value less accumulated amortization.

**Amortization**

On the retirement or sale of depreciable assets, the cost of the assets retired less disposal proceeds is charged or credited to accumulated amortization with no gain or loss being reflected in operations. Gains and losses resulting from exceptional circumstances are written off to operations in the year that they are recognized.

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**2. Accounting policies (continued)**

Property and equipment in service are amortized on a straight-line basis over their estimated useful lives as follows:

|  |               |
|--|---------------|
| Electric power plants:                             |               |
| Hydroelectric plants and equipment                 | 27 - 65 years |
| Diesel engines and associated equipment            | 10 - 15 years |
| Fuel storage equipment                             | 20 years      |
| Buildings  | 20 years      |
| Transmission and distribution systems              | 20 - 30 years |
| Warehouses, motor vehicles and general facilities: |               |
| Warehouses   | 25 years      |
| Buildings  | 30 years      |
| Office and general equipment                       | 15 years      |
| Computer equipment                                 | 5 years       |
| Motor vehicles                                     | 4 years       |
| Staff accommodation                                | 10 - 25 years |
| Other utilities:                                   |               |
| Heating systems                                    | 20 years      |
| Sewerage and water                                 | 20 years      |

**Deferred charges**

Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the period to maturity of the related debt. Regulatory costs represent the direct costs associated with appearances before the Public Utilities Board. The costs of revenue requirement hearings are amortized over the period between hearings on a straight-line basis. The costs of rate structure hearings are amortized over ten years on a straight-line basis. Other costs are amortized over three years on a straight-line basis.

**Deferred credits**

Deferred credits represent donations of assets and contributions to aid in the construction and acquisition of property and equipment and are amortized over the estimated useful lives of the respective property and equipment.

**Pension plan**

Contributions are made by the Corporation and its employees to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

**NORTHWEST TERRITORIES POWER CORPORATION**

**Notes to Financial Statements  
March 31, 1991**

**3. Change in accounting policy**

The gain or loss on the disposal of property and equipment was previously reflected in the results of operations in the year of disposal. On the retirement or sale of depreciable assets, the cost of the assets retired less disposal proceeds is now charged or credited to accumulated amortization with no gain or loss being reflected in operations.

As a result of this change in accounting policy, retained earnings has been adjusted by the net amount by which amortization has been decreased; \$26,000 of the adjustment is applicable to 1990 and has been charged to income for that year. The remainder is applicable to years prior to April 1, 1989 and the balance of retained earnings has been adjusted accordingly. The effect of this change has been to increase the net book value of capital assets by \$512,000 (1990 - \$538,000) and decrease net income by \$87,000 (1990 - \$26,000).

**4. Allowance for funds used during construction**

The Public Utilities Board, in its Decision 1-91, directed the Corporation to adopt the principle of allowance for funds used during construction in calculating carrying charges relating to construction activities. This principle replaces the principle of capitalizing interest at prevailing rates on loan funds used to finance construction during the construction period.

This directive has been applied prospectively. The effect of this change has been to increase the value of property and equipment by \$689,000. The impact on income has been to increase income in the current year by \$689,000.

**5. Accounts receivable**

|   | 1991                   | 1990             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Utilities, net of allowance for doubtful accounts of \$132,000 (1990 - \$60,000)      | \$ 13,143              | \$ 12,143        |
| Recoverable services, net of allowance for doubtful accounts of \$48,000 (1990 - nil) | 977                    | 1,151            |
| Insurance claim   | -                      | 129              |
| Accrued interest  | -                      | 58               |
| Other   | 21                     | 63               |
|   | <u>\$ 14,141</u>       | <u>\$ 13,544</u> |

Included in utility accounts receivable are \$3,473,000 (1990 - \$3,435,000) in unbilled amounts.