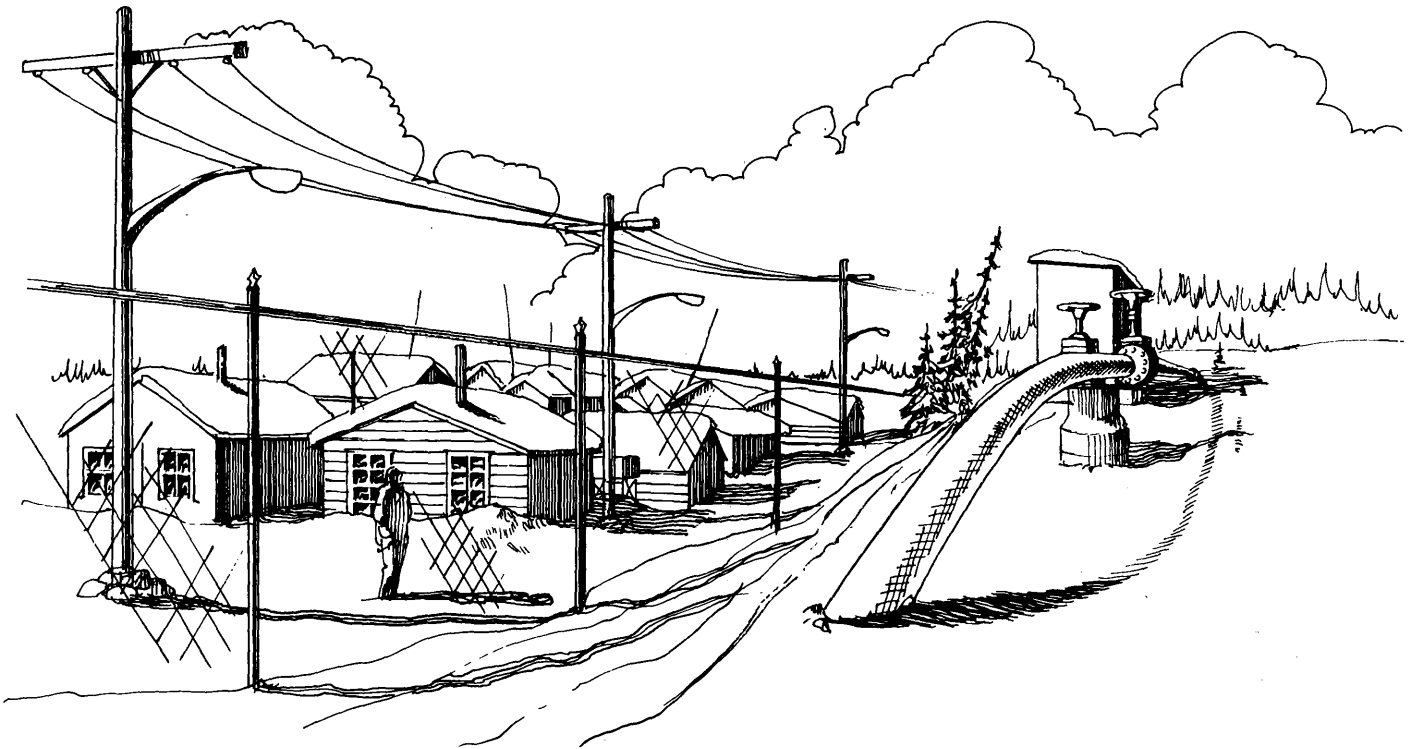


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Territories Public Utilities Board



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ANNUAL REPORT

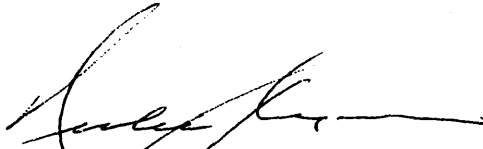
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**John H. Parker
Commissioner
Government of the Northwest Territories
Yellowknife, N.W.T.**

Sir:

**The undersigned takes pleasure in submitting the Annual Report of the
Northwest Territories Public Utilities Board for the calender year
ending December 31, 1988.**

A handwritten signature in black ink, appearing to read 'Nellie Cournoyea', with a long horizontal flourish extending to the right.

**Nellie Cournoyea
Minister Responsible for the
Public Utilities Board of the
Northwest Territories**

The Hon. Nellie Cournoyea
Minister Responsible for the
Northwest Territories
Public Utilities Board

Madam:

I have the honour to present the report of the activities of the
Northwest Territories Public Utilities Board for the calender year
ending December 31, 1988.

Respectfully submitted,

A handwritten signature in cursive script that reads "B. Phillpot". The signature is written in black ink and is positioned above the printed name and title.

Beulah Phillpot
Vice-Chairman
Public Utilities Board

1988 BOARD ORGANIZATION

The Board

Chairman	Jack Heath (Inuvik)
Vice-Chairman	Beulah Phillpot (Yellowknife)
Member	Archie Bevington (Fort Smith)
Member	David Fox (Iqaluit)
Member	Raymond Mercer (Rankin Inlet)

Board Staff

Executive Director	Dale S. Thomson
Policy/Economic Advisor	Mark R. Schauerte
Regulatory Clerk	Sherry Shields
Secretary/Receptionist	Lynda Gerhardt
Legal Counsel	Shane Freitag Department of Justice
Consultants	Stephen Johnson Chartered Accountants I.D. Engineering Co. Ltd.

Office Location

4th Floor Scotia Centre
Yellowknife, N.W.T.

Mailing Address

Public Utilities Board
P.O. Box 697
Yellowknife, N.W.T.
X1A 2N5

Telephone (403) 873-7495
Fax (403) 873-0197
Telex 034-4531

REGULATED UTILITIES

In 1988 the Board regulated three utilities:

Northland Utilities (NWT) Ltd.
Head Office: Hay River, N.W.T.

I.C.G. Northern Utilities Ltd.
Head Office: Leduc, Alberta

Stittco Utilities NWT Ltd.
Head Office: Hay River, N.W.T.

UTILITY REGULATION

The Public Utilities Board is empowered pursuant to Territorial Legislation (**Public Utilities Act R.S.N.W.T. 1974, C.P.-17**). All electrical and gas utilities as defined in the Act are subject to Board regulation. The mandate of the Board as expressed by its Act is to regulate public utilities by approving franchise agreements and fixing utility rates and charges.

Rates, service, and safety considerations are paramount concerns in the regulatory process. In order to obtain information from all interested persons, the Board requests the attendance of the utility and intervenors at Public Hearings.

The Public Hearing process has several steps:

1. **Initiation**

The decision of the Board to hold a public hearing will be made upon receipt of an application from a utility, upon request of the Commissioner, upon the issuance of a Memorandum of Instruction from the Executive, or upon the direction of the Board that it will investigate a matter under its jurisdiction.

2. **Notice of Application/Hearing**

Prior to any public hearing, notices are taken out in all relevant publications in the jurisdiction involved. It is customary that a utility advise mayors, town councils, and its major customers in the franchise area of its application by way of general notice.

Any information received by the Board is available from the Board office or the N.W.T. offices of the applicant.

3. **Intervention**

Written notice of intention to intervene is recommended. This should include the major reasons for supporting or opposing the application. This notice must be filed with the Board and copies forwarded to the applicant within the time specified in the public notice.

4. **Interim Rates**

On occasion, if a utility believes that a change in its cost of doing business will cause both it and its customers economic difficulty, the utility may apply to the Board for an interim rate approval. In considering such applications, the Board reviews the utilities supporting documentation whilst concurrently evaluating the effects of the proposed interim rate structure on the consumer. The logic behind interim rates is to avoid the "telescoping" of rates into a shortened time frame and to minimize swings in energy prices in the short term, thereby ensuring rate stability over the medium and long term.

5. Pre Hearing Documentation

The Board may direct the applicant to furnish additional information to complete or supplement the application. Written interrogatories from intervenors and the Board are forwarded to the applicant who responds prior to the hearing.

6. The Hearing

The Hearing is formal, requiring all participants who give evidence to be sworn and their testimony recorded verbatim by a court reporter. The utility usually testifies first to file information and present witnesses. Intervenors and the Board are then given an opportunity to cross examine the applicant and supply witnesses of their own. These witnesses can then be cross examined by the utility.

7. Final Argument

Argument which is usually required to be written, is an opportunity for all participants to set out, in point form and with as few words as possible, their reasons for each request. The dates for final argument and reply are established before the hearing ends.

8. The Board Order

The Board Order is a legal document in which the Board's conclusions with regard to a hearing are published. All Board Orders are filed in the Supreme Court of the Northwest Territories and distributed to participants of the hearing. Board Orders are binding upon the parties named. Copies of all orders are available to the public upon request.

9. Review and Appeal

A Decision or Order of the Board may be appealed upon a question of law. Appeals may be directed to the Supreme Court of the Northwest Territories within two months of the day the Decision or Order was filed.

DECISION 4-88 APRIL 29, 1988

BACKGROUND

Northland Utilities (NWT) Ltd. made application for interim approval of changes in the existing rates, tolls and charges for electrical energy supplied to its customers within the Trout Lake Franchise Area effective May 1, 1988.

ORDERED

The Board approved the interim rates as filed and scheduled a General Rate Application hearing in Hay River for the week of June 20, 1988.

DECISION 5-88 APRIL 29, 1988

BACKGROUND

Northland Utilities (NWT) Ltd. made application for interim approval of changes in the existing rates, tolls and charges for the electrical energy supplied to its customers within the Snare Lake Franchise Area effective May 1, 1988.

ORDERED

The Board approved the interim rates as filed and scheduled a General Rate Application Hearing in Hay River for the week of June 20, 1988.

DECISION 6-88 JUNE 29, 1988

BACKGROUND

The Town of Hay River made application for intervenor costs pursuant to Board Decision 2-88.

ORDERED

In a lengthy decision, and after requesting additional information from both the utility and town, the Board approved a total of \$5,419.21 in intervenor costs. Stittco Utilities NWT Ltd. was ordered to pay the costs within 30 days and to file with the Board the manner in which this cost was apportioned to rate payers.

BACKGROUND

This finalizes the interim orders Decisions 3-88, 4-88 and 5-88. Public hearings regarding Northland Utilities (NWT) Limited general rate application for the test years 1988 and 1989 including evidence for rate base, fair return on rate base revenue requirement, cost allocation and customer rates and electric service regulation.

A public hearing was held in Hay River, June 21, 22 and 23, 1988.

INTERVENOR: Town of Hay River

OBSERVERS: Town of Fort Providence

ORDERED

The Board order included:

1. That Northland measure transmission losses and provide the results to the Board semiannually.
2. That Northland provide to the Board and the Town on a monthly basis a report of all interruptions, voltage fluctuations and customer complaints.
3. That Northland advise its customers of possible damage to electrical equipment that could occur as a result of voltage fluctuations.
4. That the revenue requirement for 1988 be reduced from \$3,525,000 to \$3,457,000 and for 1989 from \$3,947,000 to \$3,801,000.
5. That Northland prepare and file with the Board a full depreciation study of plant and equipment within six months.
6. A reference to Northland's explanation that the change in ownership to include Northern investors will not increase the cost of capital.
7. That the revenue/cost ratios for each class of customer be brought within 95% to 105% in a reasonable time.
8. That the Electric Service Regulations be approved as filed.
9. That the fair return on rate base include customer supplied capital at zero cost; short term rates of 8.75% for 1988 and 9% for 1989; long term debt at 11.41% for 1988 and 11.44% for 1989. Preferred equity amounted to 9.25% in each year. Common equity at 12.5%, will result in a rate of return to the Company's common shareholders of 13.5% in 1988 and 13.9% in 1989.

DECISION 8-88 SEPTEMBER 15, 1988

BACKGROUND

This finalizes interim order Decision 4-88 for the supply of electrical energy within the Trout Lake Franchise Area and includes pertinent aspects of Decision 7-88.

DECISION 9-88 SEPTEMBER 15, 1988

BACKGROUND

This finalizes interim order Decision 5-88 for the supply of electrical energy within the Snare Lake Franchise Area and includes pertinent aspects of Decision 7-88.

DECISION 10-88

BACKGROUND

ICG Northern Utilities Ltd. sought the Board's approval for an amendment of the franchise tax rate to 2.42% effective December 1, 1988. This is to replace the rate of 2.50%.

DECISION 11-88

BACKGROUND

To comply with Decisions 7-88, 8-88 and 9-88, Northland Utilities (NWT) Limited filed rates for its customers within the Hay River, Enterprise, Fort Providence, Kakisa - Dorey Point, Trout Lake and Snare Lake Franchise areas effective December 1, 1988.

ORDERED

Further to Decision 7-88 that Northland continue to report specified information on the Trout Lake operation on a quarterly basis in 1988 and 1989.

ORDERED

Further to Decision 7-88 that Northland provide to the Board within 90 days a plan for the future supply of fuel to the Snare Lake Franchise Area.

ORDERED

Approved as requested.

ORDERED

Approved as filed.

YOU CAN BE AN INTERVENOR

The Board appreciates the importance both in substance and spirit that intervenors contribute to the public hearing process. While some judgement must be made regarding the location of hearings and their length, all arrangements must ensure that members of the public can be heard.

There are several different ways you may wish to participate in a public hearing.

You may wish to be a **full participant** in order to introduce evidence, to cross examine and to argue. If you choose to give evidence you will be cross-examined by other participants at the hearing, including the Board, the applicant, and the other intervenors.

You may wish to **participate in only part** of the hearing to discuss a specific subject (e.g. reliability of service) and make argument at the end.

You may wish only to **present written argument** at the end.

You may wish to **act alone or with others**.

How you decide to become involved may depend upon the time you have, the effort you can devote to the study of the application and the money you can spend. Costs may be awarded but these are usually a separate decision made several weeks after the hearing, and only if the money can be passed on to the applicants customers.

If you decide to intervene

You will need to obtain a copy of all material the applicant has filed.

Within the time limits set out in the notice of a public hearing, send a letter stating your intention to intervene and the role you will take at the hearing. State your objections or support for the application either now or in a following letter.

Sending your letter of intention to intervene ensures that you will receive a copy of all documents from the applicant and other intervenors.

Between the time you indicate your intention to intervene and the hearing, you will study the documents you receive in order to decide what you will ask about at the hearing.

If you want an example to follow, copies of documents of previous hearings are available at the Board office or can be forwarded by mail.

If you need more information about any part of the application, send an **information request** directly to the applicant with copy to the Board. List your questions and be as specific as possible. Usually your questions will be answered before the hearing.

Ensure that a copy of all your correspondence about the hearing is sent to the Board.

At the hearing, the chairman will indicate the order in which the applicant and intervenors will present information and ask questions.

Everything said at the hearing is recorded by a Court Reporter. Copies of the record, called a transcript, can be purchased from the Court Reporter. The transcript can be used to prepare the final argument which must be forwarded to the Board and other participants by a certain date as determined by the Board.

The Board's decision will be filed in the Supreme Court of the Northwest Territories and sent to all participants. You should read this to determine if there is anything you need to do.

Throughout the hearing process all intervenors who are unfamiliar with procedures before the Board are urged to call the Board for information, where the staff will assist in clarifying procedures.

To encourage community and individual participation, the Board will expect that all discussions will be in "**plain language**" to the extent that this is feasible. In matters of local concern, community people with firsthand knowledge will be able to provide the Board with reliable and significant testimony.

1988 IN REVIEW

Small Energy Projects

The development of small energy projects continued in 1988 with the electrification of Snare Lake.

Northland Utilities (NWT) Limited was awarded a Government of the Northwest Territories contract to underwrite the cost of the house wiring and seventy-five percent of the utility costs. As well the GNWT agreed to pay the cost of opening the winter road which is necessary for the economic resupply of diesel fuel.

Hay River Tie Line

The Board and staff toured the area through which the tie line is built including the transfer site in Pine Point and the backup diesel operation in Hay River.

Northwest Territories Power Corporation

The purchase of the Northern Canada Power Commission by the Government of the Northwest Territories resulted in the creation of the Northwest Territories Power Corporation.

Board and Staff Training

The Edmonton regional seminar of the Canadian Institute for the Administration of Justice was attended by a member of the Board

Two staff members participated in the National Association of Regulatory Utility Commissioners (NARUC) annual regulatory studies program held in July in East Lansing, Michigan. This program offers the opportunity to meet with others from regulatory agencies as well as current information on ratemaking principles and practices.

The Canadian Association of Members of Public Utility Tribunals (CAMPUT) annual general meeting which provides both informal and formal presentations and discussions was attended by two representatives.

Consumer Information

Northland Utilities (NWT) Limited and Stittco Utilities NWT Ltd. provided the Board with copies of information they made available to their customers to help them avoid problems.

The Board makes available to interested consumers information that can assist in intervening or acquiring knowledge about the regulatory process.

Power Systems and Utilities

- NORTHWEST TERRITORIES POWER CORPORATION
- ★ NORTHLAND UTILITIES (NUT) LIMITED
- ICG NORTHERN UTILITIES



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I.D. Engineering Co. Ltd.

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4th Floor Sootia Centre
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Public Utilities Board
P.O. Box 697
ህብረት ልማት ልማት ልማት
XIA 2N5

ልማት ልማት (403) 873-7495
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1988-ᑦ ᑎᑎᑎᑦᑎᑦ ᐱᑦᑎᑦᑎᑦ ᐱᑦᑎᑦᑎᑦ ᐱᑦᑎᑦᑎᑦ ᐱᑦᑎᑦᑎᑦ:

Northland Utilities (ᑎᑎᑎᑦᑎᑦ) Ltd.
ᐱᑦᑎᑦᑎᑦ: ᐱᑎᑎᑦᑎᑦ, ᑎᑎᑎᑦᑎᑦ

I.C.G. Northern Utilities Ltd.
ᐱᑦᑎᑦᑎᑦ: Leduc, Alberta

Stittco Utilities NWT Ltd.
ᐱᑦᑎᑦᑎᑦ: ᐱᑎᑎᑦᑎᑦ, ᑎᑎᑎᑦᑎᑦ

Power Systems and Utilities

- NORTHWEST TERRITORIES POWER CORPORATION
- ★ NORTHLAND UTILITIES (NWT) LIMITED
- ✱ ICG NORTHERN UTILITIES

