



Northwest
Territories Legislative Assembly/ᓄᓇᑦᑦᑦᑦᑦ ᑕᑦᑕᑦᑦᑦᑦᑦ
Standing Committee on Agencies, Boards and Commissions
ᑲᑎᑕᑦᑕᑦᑦᑦ ᑲᑎᑕᑦᑦᑦᑦᑦ

12th Assembly

Standing Committee on Agencies,
Boards and Commissions

FINAL REPORT ON
THE NORTHWEST TERRITORIES POWER CORPORATION

Fred E. Koe, M.L.A.,
Chair

N.W.T.
LEGISLATIVE LIBRARY
DEC - 8 1993
Yellowknife, N.W.T.



Northwest
Territories Legislative Assembly/ᓄᓇᑦᑦᑦᑦ ᐱᑦᑦᑦᑦᑦᑦ ᐱᑦᑦᑦᑦᑦᑦ
Standing Committee on Agencies, Boards and Commissions
ᓄᓄᑦᑦᑦᑦ ᓄᓄᑦᑦᑦᑦ

December 7, 1993

THE HONOURABLE MICHAEL A. BALLANTYNE, M.L.A.,
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker,

Your Standing Committee on Agencies, Boards and Commissions has
the honour of presenting its Final Report on the Northwest
Territories Power Corporation, and commends it to the House.

A handwritten signature in black ink that reads "Fred E. Koe".

Fred E. Koe, M.L.A.
Chair

MEMBERS OF THE STANDING COMMITTEE ON AGENCIES,
BOARDS AND COMMISSIONS

Fred Koe,
M.L.A. Inuvik
Chair

Brian Lewis
M.L.A. Yellowknife Centre
Deputy Chair

Jim Antoine
M.L.A. Nahendeh

James Arvaluk
M.L.A. Aivilik

Charles Dent
M.L.A. Yellowknife Frame Lake

Jeannie Marie-Jewell
M.L.A. Thebacha

John Ningark
M.L.A. Natilikmiot

Alternate Members

Dennis Patterson
M.L.A. Iqaluit

Tony Whitford
M.L.A. Yellowknife South

Staff

Doug Schauerte
Committee Clerk

Lynn Elkin-Hall
Committee Researcher

INTRODUCTION

In December 1991, the Standing Committee on Agencies, Boards and Commissions tabled a workplan in the Legislative Assembly. One of the projects in this workplan was a comprehensive review of the Northwest Territories Power Corporation. On November 25, 1992, the Committee held public hearings in Yellowknife related to the review. Presentations were given by the Minister responsible for the NWT Power Corporation, the Chairperson of the Corporation and senior Corporation staff. Witness representation was also received from the Department of Energy, Mines and Petroleum Resources (EMPR) and the Chairperson of the Public Utilities Board.

In February of 1993, the Committee, divided itself into sub-committees, held a number of public hearings. Hearings in Inuvik on February 2 focused on planning activities and policies for research, evaluation and development. The Minister responsible for the Power Corporation, the Chairperson of the Corporation and senior Corporation officials attended the hearings. A presentation was also made by the Union of Northern Workers on privatization of the Corporation.

On February 2, open meetings were also held in Cape Dorset focusing on community input and customer services. The hamlet of Cape Dorset made a presentation.

Public hearings to discuss the Corporation's physical holdings and the capital planning process were held on February 4 in Iqaluit. Directors and senior Corporation officials appeared as witnesses. The MLA for Iqaluit, Dennis Patterson and a member of the Union of Northern Workers also made presentations.

In June 1993, hearings were held in Hay River to discuss issues relating to the Corporation's working environment, alternative energy sources and privatization. In attendance were the Minister responsible for the Power Corporation, the Chairperson of the Corporation, senior Corporation officials and government officials with the NWT Science Institute and EMPR.

The Standing Committee on Agencies, Boards and Commissions would like to thank the Honourable Nellie Cournoyea, Minister responsible for the Power Corporation; Jim Robertson, Chairperson of the Corporation; and the other Corporation officials for their presentations and responses to Committee Members' questions and concerns. The Standing Committee also wishes to extend its appreciation to the many witnesses who appeared before the Committee. The many comments received were very helpful to the Committee in this review.

OBSERVATIONS AND RECOMMENDATIONS

ROLE OF THE MINISTER

The Committee has a concern about the role of the Minister in the operations and planning of the Corporation. The Committee was told that the Minister is kept up to date with the activities of the Corporation. The Minister is also advised of any major expenditures and is given a five year operational plan.

The Minister has an important role as a link between communities and the Corporation. Particularly in the eastern Arctic, residents feels that the current Power Corporation Board is not responsive to their concerns. Citizens should be able to rely on the Minister to support them in raising these concerns with the Board. The Minister must have enough involvement and influence to be accountable for the performance of the Corporation and its responsiveness to the people of the Territories.

Another role for the Minister is related to the clarification of valuation of assets. There was conflicting information provided to the Committee regarding the value of assets (i.e. power plants). The Minister should be responsible for clarifying these values.

USE OF FRANCHISE AGREEMENTS IN COMMUNITIES

The Power Corporation has been attempting to have all communities sign franchise agreements. These agreements set out the relationship between a community and the utility which is to operate in that community. The Committee recognized that the number of franchise agreements signed could have an effect on privatization. However, they were concerned about the impact of these agreements on encouraging choice in utilities and an open market. The Committee only supports the concept of franchise agreements if there is still opportunity for consideration of alternative energy sources by communities.

The NWT Association of Municipalities advised the Committee that they have negotiated a standard municipal franchise agreement with the Corporation. The standard agreement provides a base for each municipal council from which they can work to ensure that all issues of importance to their community have been addressed. The Association is encouraging its members to implement the agreements.

PLANTS - LOCATION AND UPGRADING

In public hearings, the Committee heard many questions and concerns about the location of plants. The Members would like the Corporation to be sensitive to the concerns of communities in determining plant locations. This will include balancing concerns about noise and other types of pollution with the need for central locations to take advantage of waste heat opportunities. It is important for the Corporation to share the rationale for site selection at the local level so residents are informed and involved in the decision-making process.

The Power Corporation was purchased for \$53 million. Since 1988, the Corporation has spent \$70 million in capital funds to upgrade or replace aging plants and equipment. The five year plan also indicates that the Corporation will continue to pay \$70 million in each of the next five years into the future to replace assets. The Committee has two major concerns with the upgrading of assets.

The explanation received from the Corporation regarding why they use a mixture of equipment was not clear to the Committee. The members were told that the Corporation does not use just one supplier because that puts them in a situation of dealing with a monopoly. The Corporation suggested that spreading their business around left them in a better position if one of the suppliers did not work out.

However, in the opinion of the Committee, it would be normal business practice to find the supplier who would provide the best combination of product, service, reliability and price. The Committee feels it is not cost effective to give bits of work to a variety of dealers rather than a large order to one. They also feel that this mixture of equipment makes it more difficult for the operators to obtain replacement parts and generalized training.

Recommendation 1

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION CONTINUE TO STANDARDIZE EQUIPMENT IN PLANTS ACROSS THE NORTHWEST TERRITORIES.

The Committee also had a concern about the technology being installed in the new plants. It is important to take advantage of the efficiencies of new technologies to make the best use of our resources. However, it is also important that the technology purchased should be suitable for use in our communities. This means ensuring it can be operated and maintained by northern people. The Committee feels it is important that technology be purchased to meet a need, not just for the sake of having the latest technology.

Recommendation 2

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION ENSURE THE EQUIPMENT PURCHASED FOR PLANTS USES TECHNOLOGY APPROPRIATE TO THE NEEDS AND EXPERTISE OF LOCAL EMPLOYEES AND RESIDENTS.

ENERGY CONSERVATION AND ALTERNATE ENERGY OPTIONS

The Corporation has dedicated two people to work on energy conservation issues. However, the Committee feels the Corporation should not just encourage people to use energy wisely. The Corporation should also identify new efficient sources of energy. The Committee believes the Corporation has not adequately explored alternate energy options.

There are many alternate sources of energy currently being explored in other parts of the world. Some of these new sources could be explored for the Territories including water power, solar energy, harnessing the power of the wind through windmills, and the use of slow burning wood pellets. Given the combination of cold weather and extended dark winters, northerners consume massive amounts of energy for heating and lighting. It is crucial that the suppliers of energy are actively involved in identifying new energy sources.

The Committee feels that the Government of the NWT (GNWT) should take the lead role in the area of energy management. People need to know about potential options. Cheaper or more independent power sources should be explored. The Department of Energy, Mines and Petroleum Resources' Energy Management initiatives do not appear to be visible or effective.

Recommendation 3

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE DEPARTMENT OF ENERGY, MINES AND PETROLEUM RESOURCES SUBSTANTIALLY REVISE ITS ENERGY MANAGEMENT INITIATIVES SO AS TO PROMOTE BETTER COMMUNITY AWARENESS AND INVOLVEMENT.

The Committee also feels the Government should be doing more to encourage innovative thinking towards the issue of energy use and development. One possibility is to consider establishing a new energy management incentive program.

The Corporation indicated that it is working on a new billing system for people living in social housing to indicate how much energy is used. The Committee suggests that this be approached with care and caution. The billing system for GNWT employees appears to be inconsistent and the Members would like to see the Corporation ensure these inconsistencies do not appear on the social housing billing statements.

ENVIRONMENTAL CONTAMINANTS

The Committee was pleased to hear about the work that the Corporation is doing to control environmental contaminants. The Committee encourages the Corporation to continue this work. Members suggest that the Corporation also step up the use of used oils and look carefully at the disposal of fuel drums on an urgent basis. It is also suggested that the Corporation find a way of separating contaminants by type to allow additional used materials to be reused.

RESEARCH AND DEVELOPMENT

The Committee is disappointed with the Power Corporation's approach to research and development. The Corporation indicated that it is not in the research and development business. Instead, it relies on the public domain, including agencies such as the Science Institute, to identify new innovations. One characteristic of a strong progressive company is a dedicated expenditure (generally 2% of gross expenditures) towards research and development.

Energy development and management has been identified in the Legislative Assembly as one of the challenges for the north as we move towards the year 2000. There are many technical challenges in the area of energy development and use that are unique to the north. The Corporation should not have a closed mind when looking at problems and creative solutions to those problems. It needs to take a more active and progressive approach to research and development. As a starting point, a program to assess the equipment and technology used in plants in relation to new developments and northern needs is required.

Recommendation 4

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A RESEARCH AND DEVELOPMENT PROGRAM TO EXPLORE OPTIONS AND SOLUTIONS WHICH ALLOW TECHNOLOGY TO BETTER MEET THE CHALLENGES OF THE NORTH.

USE OF NORTHERN BUSINESS, LABOUR AND MATERIALS

The Power Corporation is not bound by the policies of the GNWT such as the Business Incentive Policy and the Northern Preference policy. However, it does have its own northern preference policy. The Committee understands that the Corporation is operating as a business and must focus on a fair return for shareholders. There was acknowledgment that the Corporation has improved its dealings with local contractors.

However, the Committee believes that while it is a public corporation, the NWT Power Corporation should follow the same rules to encourage the northern economy as a government department would. There should be a commitment to the economic development and growth of local suppliers.

The Committee would also like to see this emphasis on hiring northern firms extended to contract policy and the use of consultants. Whenever possible, the corporation should use northern contractors.

Recommendation 5

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION BE REQUIRED TO FOLLOW GOVERNMENT OF THE NORTHWEST TERRITORIES POLICIES RELATING TO THE USE OF NORTHERN BUSINESSES, LABOUR AND MATERIALS.

USE OF CONTRACT WORKERS

The Corporation informed the Committee that there are nine people currently operating the plants under contractual agreements. Apparently, the practice is to hire two contract workers on a part time basis and have them cover for each other. The Committee members have a concern with this practice. It is recognized that the Corporation must staff each facility as the size of plant and type of equipment requires. However, the Committee has a concern about the apparent lack of equity between long term permanent workers and long term contract workers. In many cases, the Corporation has decided that there is not sufficient work for a permanent full time worker and instead uses an individual for many years on contract. Problems arise when these long term contact workers hit retirement age. Unlike their permanent counterparts, they have no pension benefits after years of faithful service. These individuals are often unaware, until they actually retire, that they have not been building retirement equity through their employment.

The Committee wants the Corporation to review the situations where long term contract people are used and explore other options for these workers.

Recommendation 6

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION ENSURE FAIRNESS TO LONG TERM CONTRACT WORKERS BY REVIEWING ALTERNATIVE EMPLOYMENT METHODS WHICH WOULD ALLOW GREATER PARITY BETWEEN THESE WORKERS AND PERMANENT EMPLOYEES.

AFFIRMATIVE ACTION

The Power Corporation indicated during hearings that it has an affirmative action policy. However, based on these discussions, past experience, and the statistical information provided, the Committee does not feel there is a commitment to affirmative action by the Corporation. The proportion of affirmative action employees within the Corporation is far below the proportion of these people in the workforce. There was little evidence of any serious effort on the part of the Corporation to develop programs or activities which would support affirmative action employees or potential employees in exploring employment options.

Recommendation 7

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION TAKE THE FOLLOWING STEPS TO PROMOTE THE HIRING AND PROMOTION OF NORTHERN PEOPLE:

1. ADOPT AN AFFIRMATIVE ACTION POLICY WHICH IS CONSISTENT WITH THE GOVERNMENT'S AFFIRMATIVE ACTION POLICY.
2. INCLUDE REFERENCE TO THE CORPORATION'S AFFIRMATIVE ACTION POLICY IN ALL JOB ADVERTISEMENTS.
3. ANNUALLY TABLE A NUMERICAL SUMMARY, IN THE LEGISLATIVE ASSEMBLY, OF THE AFFIRMATIVE ACTION STATUS OF ALL POWER CORPORATION EMPLOYEES.
4. TABLE AN AFFIRMATIVE ACTION PLAN IN THE LEGISLATIVE ASSEMBLY DURING THE FEBRUARY/MARCH 1994 SESSION INDICATING SPECIFIC PROGRAMS FOR INCREASING THE EMPLOYMENT OF NORTHERNERS BY THE CORPORATION.

The Committee feels there is not an open process when the Corporation fills its positions. Too often, the Corporation brings in existing Corporation employees rather than considering local residents who could do the job. Committee members related specific examples of local people being overlooked to hire an existing employee from another location.

Recommendation 8

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT ALL POSITIONS WITHIN THE POWER CORPORATION BE FILLED USING AN OPEN COMPETITION PROCESS WHICH DOES NOT GIVE CURRENT EMPLOYEES PRIORITY OVER LOCAL RESIDENTS.

EDUCATION AND TRAINING

Committee members consider education and training of employees to be key to the success of the Corporation. They are not satisfied with the Corporation's approach to this important area. When questioned about efforts in this area, the Corporation did not really address the needs of individual operators. As well, the Committee was told that the Corporation generally prefers to buy southern training packages and adapt them to its needs.

The Committee feels there should be more on-going consistent support for operators in the form of short courses which allow them to keep their skills sharp. The operators tend to be jack-of-all-trades and can benefit from short refresher courses in many areas.

Opportunities should also be provided for existing staff who wish to pursue apprenticeships with the Corporation. Many operational staff have skills which provide a strong base for work towards a journeyman's certificate.

Recommendation 9

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A TRAINING PROGRAM FOR ALL OPERATIONAL STAFF WHICH PROVIDES REGULAR, ONGOING OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT INCLUDING APPRENTICESHIP OPPORTUNITIES.

The Committee is not happy with the purchase of southern training resources by the Corporation. The concern is not with the technical information contained in these courses; the concern is that they were prepared for employees who have English as a first language and who are geographically situated closer to support services than many northern plant operators. If southern materials are to be used as a base, it is crucial that they be reviewed and modified to reflect the isolated working conditions operators face and the reality that English is the second language for many of the operators.

Arctic College has proven that it is capable of working with a third party to develop a relevant and useful education program and has specific experience in creating courses for northern residents. The Committee would like to see the Corporation work with Arctic College, developing courses which address the training needs of its northern employees and support its Affirmative Action initiatives.

Recommendation 10

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION WORK WITH ARCTIC COLLEGE TO DEVELOP OR IDENTIFY TRAINING COURSES AS REQUIRED TO SUPPORT THE CORPORATION'S AFFIRMATIVE ACTION INITIATIVES.

HOUSING POLICY

The Committee also encourages the Corporation to look closely at its housing policy. Members indicated that in many of the small and medium sized communities, the Corporation staff are in homes built in the 1950's. There is a need for structural inspections and recognition of the age of the units in setting rents and sale prices.

The Committee must comment on the move of the Headquarters operation to Hay River. Originally the Corporation indicated that no more than 45 positions would be moving to Hay River. In the summer of 1993, there were 73 positions located in the Hay River

Headquarters. The Committee considers this apparent growth in a headquarters operation unacceptable.

Recommendation 11

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION REVIEW ITS HEADQUARTERS ESTABLISHMENT TO DETERMINE WHETHER SOME HEADQUARTERS FUNCTIONS COULD BE MORE EFFECTIVELY AND EFFICIENTLY DELIVERED IN THE FIELD AND REPORT ITS FINDINGS TO THE LEGISLATIVE ASSEMBLY BY MARCH 31, 1994.

SERVICE LEVELS

In its public hearings, particularly in the eastern part of the Territory, the Committee heard that the level of service provided by the NWT Power Corporation was not as good as it should be. Regular travel by senior Corporation officials is a good first step in observing what is happening in communities. However, the Corporation needs to give more thought on how to sample service levels. At this point, the Corporation is doing more public relations work than community consultation. There needs to be a mechanism for people to comment on both the service level and on policies which impact on that service. Members would like to see the Corporation be creative in their approach, finding alternatives beyond a written questionnaire.

There is a need for a clear and concrete way for people to express their concerns with the Corporation's service. However, it is not enough to have a plan for receiving concerns on paper at Corporation Headquarters in Hay River. It is also important that people are aware of the opportunity and understand how to make themselves heard.

It is important that whatever system the Corporation develops for hearing concerns, businesses are also able to express concerns. For example, there currently is a discrepancy in the use of demand meters versus regular meters for small businesses. However, there

is no clear avenue for small business people to relay their concerns and frustrations to the Corporation.

Recommendation 12

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A MORE EFFECTIVE SYSTEM WHICH ALLOWS LOCAL RESIDENTS AND BUSINESSES TO COMMENT ON THE LEVEL OF SERVICE BEING PROVIDED IN THEIR COMMUNITY AND ENSURE THAT RESIDENTS AND BUSINESSES ARE AWARE OF THE SYSTEM AND HOW TO USE IT.

PRIVATIZATION

The possibility of the privatization of the Power Corporation was raised with the Committee late in the review process. Due to the wide ranging implications this could have, the Committee has decided to consider this proposal as a separate issue from the review of the current operations of the Power Corporation.

COMPREHENSIVE RESPONSE BY THE EXECUTIVE COUNCIL

Recommendation 13

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT, IN ACCORDANCE WITH RULE 93(5), THE EXECUTIVE COUNCIL TABLE A COMPREHENSIVE RESPONSE TO ALL RECOMMENDATIONS CONTAINED IN THIS REPORT WITHIN 120 CALENDAR DAYS OF THE PRESENTATION OF THIS REPORT TO THE HOUSE.

