



2009
ANNUAL REPORT
UTILITY RATES REVIEW COUNCIL
OF NUNAVUT

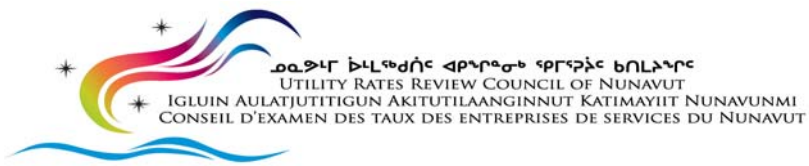


Utilities Rate Review Council of Nunavut 2008-2009 Annual Report

UTILITY RATES REVIEW COUNCIL OF NUNAVUT

ANNUAL REPORT

For the year ending March 31, 2009



Utilities Rate Review Council of Nunavut 2008-2009 Annual Report

Members of the Nunavut Legislative Assembly:

I take pleasure in submitting the Annual Report of the Nunavut Utility Rates Review Council for the calendar year ending March 31, 2009.

Original Signed By

Hon Tagak Curley
Minister Responsible for the Utility
Rates Review Council



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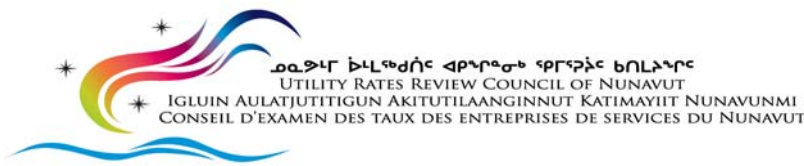
The Honorable Tagak Curley
Minister responsible for the
Utility Rates Review Council
Of Nunavut

Dear Minister:

I have the honor of presenting the Annual Report of the Utility Rates Review Council of Nunavut for the calendar year ending March 31, 2009.

Respectfully submitted,

Raymond Mercer
Chair, Utility Rates Review Council
Of Nunavut



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The Utility Rates Review Council

1. **MANDATE**

The *Utility Rates Review Council Act* (Act), created in the spring of 2001, gives the power to the URRC to provide advice to Ministers regarding rates and tariffs to be charged by designated utilities and any other matters as requested and directed by the Minister Responsible for the URRC.

Under the Act, a designated utility is defined as; *a utility or a member of class of utilities designated in the regulations:*

A utility is defined as:

Any of the following that provides goods or services to the public:

- (a) a corporation that is owned or controlled by the Government of Nunavut, and to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (b) a department or administrative division of the Government of Nunavut to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (c) a person or organization not mentioned in paragraph (a) or (b) to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a)*

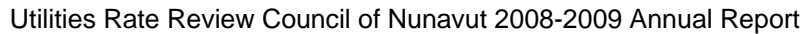
The Qulliq Energy Corporation and as a consequence Nunavut Power Corporation, as Designated Utilities, are subject to the URRC through the Utility Rates Review Council Act.

2. **PURPOSE**

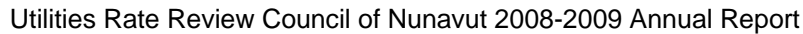
The purpose of the Review Council as outlined in section 7 of the URRC Act:

The purposes of the Review Council are to:

- (a) advise the Responsible Minister of a designated utility concerning the imposition of rates and tariffs in accordance with sections 11 to 18.*



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In accordance with the above the URRC recommends that a fuel stabilization rider of 12.52 cents per Kwh be approved for QEC, for all consumption effective November 1, 2008 to January 31, 2009. The 12.52 cents per kwh FSR will replace the existing FSR of 6.40 cents per kwh and the interim FSR of 6.12 cents per kwh effective November 1, 2008. The interim FSR of 6.12 cents per kwh is confirmed as final for the period it was in effect from July 1, 2008 to October 31, 2008.

6. Canadian Association of Members of Public Utility Tribunal (CAMPUT)

The URRC continued its' ongoing association with CAMPUT in 2008-09. The membership of CAMPUT is made up of all the Boards and Councils from the ten provinces and three territories plus the National Energy Board. CAMPUT also admitted a number of quasi-judicial boards as associate members to CAMPUT this year as part of their ongoing goal of improving all types of regulation in Canada.

The URRC attends the CAMPUT Educational Conference as a part of its continuing education. This conference brings together regulators, industry representatives, government and the general public to discuss issues of importance in the industry. This years meeting was held in Banff, Alberta and was very well attended by industry and regulators. The URRC was represented by the Chairman and the Council's Secretary.

The URRC's newest member Ms. Vivienne Aleek-Ke-Aknavigak attended the CAMPUT Energy Regulation Course at Queens University in Kingston. The course offers an excellent overview of all aspects of energy regulation. The Cost of Capital session is split into introductory and advanced sections. Both new and experienced board members/commissioners and staff benefit from the course.

The URRC attends the CAMPUT Annual General Meeting (AGM) on a yearly basis. This conference brings together the member boards from across Canada to discuss events and issues that affect the regulatory community. Representatives from all board were present for the meetings in Prince Edward Island. The URRC was represented by the Chairman.

The URRC continues to be actively involved in various committees of CAMPUT. Raymond Mercer continued in his role with the Chairs Policy Committee and Kirk Janes continued his ongoing role with the Education Committee.

7. A LOOK AHEAD AT 2009-2010

The Council is currently reviewing an application by QEC for a Fuel Stabilization Rider (FSR) that was received in January 2009. The Council recommended an interim rider to our Minister responsible for URRC so that there was no interruption in collection while the application was being reviewed. The Council expects to submit a report on the FSR on or before April 15, 2009 to the Responsible Minister for QEC. The Council expects to receive a number of FSR's over the coming year to deal with the continued high cost of fuel. The Council is hopeful that once the GN sets the new fuel price later this year that it will allow for a significant reduction in the FSR.

Over the course of this year the Council expects to see a number of studies done by QEC as a result of the last GRA. These studies; Rate Averaging, Cost of Service, Benchmarking, Future Removal & Site Restoration Cost are expected to be completed and will form part of the justification and support for any future GRA's. These studies will form the basis of the next General Rate Application which is expected late in the 2009-10 year from QEC.

During the 2006 – 2007 year the URRC completed its' internal review. The review looked at issues that were raised by the general public during the 04-05 General Rate Application (GRA), issues raised by interested parties and the Corporation. The Council also reviewed its' legislation with the goal of improving the way the Council operates. The Council looks forward to the completion of the Legislative Proposal and the Amendment of the *URRC Act* to deal with a number of the issues that came about from the review in the coming year.

Canadian Association of Members of Public Utility Tribunal (CAMPUT)

The Chairperson, Secretary and the Councils consultant will be attending the CAMPUT International Financial Reporting Standards (IFRS) Course in Montreal April 28th, 2009. The course will look the major potential impacts of the transition to IFRS from the perspectives of ratepayers, regulated utilities and the ratemaking process.

The Chairperson and Secretary for the URRC will be attending the CAMPUT Annual Educational Conference as part of the Council's continuing education. This year the conference will be held in Saint John New Brunswick from May 10 to 13, 2009. This conference brings together regulators, utilities from Canada, U.S. and Mexico to discuss emerging issues in electricity and gas markets. This is always a very informative and well attended conference; a must for regulators, utilities and their staff to participate in.

CAMPUT as part of its continuing education of its member boards has once again scheduled a number of conferences, training courses and meetings for the upcoming year. The URRC members and staff hope to be able to take part in the continuing education sponsored by CAMPUT over the next year.



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ON BEHALF OF THE NUNAVUT UTILITY RATES REVIEW COUNCIL

DATED May 21, 2009
Ray Mercer, Chairman