



## Report to the Minister Responsible for the Qulliq Energy Corporation

## Respecting:

# An Application by the Qulliq Energy Corporation For Approval of a Fuel Stabilization Rider

**For the Month of April 2014**  
**Report 2014-03**

**March 12, 2014**

**PANEL MEMBERS**

Ray Mercer	Chairperson
Anthony Rose	Member
Jimmy Akavak	Member

**SUPPORT**

Laurie-Anne White	Executive Director
Raj Retnanandan	Consultant

## **LIST OF ABBREVIATIONS**

GRA	General Rate Application
FSR	Fuel Stabilization Rider
QEC	Qulliq Energy Corporation
URRC	Utility Rates Review Council

## TABLE OF CONTENTS

<b>1.0</b>	<b>BACKGROUND .....</b>	<b>2</b>
<b>2.0</b>	<b>CONSIDERATION OF THE REQUEST FOR FINAL REPORT .....</b>	<b>2</b>
<b>3.0</b>	<b>URRC RECOMMENDATION .....</b>	<b>4</b>

## **1.0 BACKGROUND**

Qulliq Energy Corporation (QEC), as a designated utility, is required pursuant to Section 12 (1) of the Utility Rates Review Council Act (Act), to seek approval from the responsible Minister for the QEC (Minister), prior to imposing a rate or tariff. The responsible Minister in turn is required pursuant to Section 12 (2) of the Act, to seek the advice of the Utility Rates Review Council (URRC) on the utility's request to impose a rate or tariff.

By Letter dated December 4, 2013, QEC applied to the Minister responsible for QEC, requesting approval for a Fuel Stabilization Rate (FSR) Rider of 5.31 cents per kWh, from December 1, 2013 to March 31, 2014. By letter dated December 5, 2013 the Minister requested advice from the URRRC with respect to the Application.

On February 20, 2014 the URRRC issued Report 2014-01 recommending that an FSR rider of 3.92 cents per kWh, instead of the requested 5.31 cents per kWh, be approved for the period December 1, 2013 to March 31, 2014.

By letter dated March 10, 2014, the Minister responsible for QEC requested a final report from the URRRC, pursuant to section 13(3) of the Act, supporting a request by QEC to extend the FSR Rider of 3.92 cents per kWh, by one month, to April 30, 2014.

## **2.0 CONSIDERATION OF THE REQUEST FOR FINAL REPORT**

In URRRC QEC 1 provided in the context of the 2014/15 GRA QEC states "considering that the Corporation's base electricity rates will not be updated to reflect the most recent fuel price increases in revenue requirement until May 1, 2014, the Corporation is requesting an extension to the existing FSR rider to April 30, 2014."

QEC states terminating the existing FSR rider at April 1, 2014 would result in substantial customer bill fluctuations in a short period (existing customer bills would be reduced for a short

period until the implementation of the new rates, but will go up significantly once the new rates become effective). This would also increase the FSR balance, as the current fuel prices are significantly higher as compared to the 2010/11 GRA approved fuel prices.

The Executive Director to the URRC spoke with council members by phone to discuss the request for a Final Report on March 11 2014. On March 12, 2014 a draft Final report was circulated to all members for their review and approval.

The URRC notes continuation of the 3.92 cents per kWh FSR Rider for the month of April 2014 would be consistent with recovery of the corresponding fuel costs for the month and would facilitate rate stability as indicated by QEC. Accordingly, the URRC considers, approval of the 3.92 cents per kwh FSR Rider, for the month of April 2014, to be in the public interest.

### **3.0 URRC RECOMMENDATION**

Sections 13(3) and 13(4) of the Act provides as follows with respect to a Final Report requested by the Minister:

**Final report**

(3) Within 30 days of receiving a report made under subsection (1), the responsible Minister, if he or she thinks it appropriate to do so, may request in writing that the Review Council make a final report, within a time stipulated by the responsible Minister.

**Contents of final report**

(4) Where the responsible Minister has made a request under subsection (3), the Review Council shall reconsider its report, and shall make a final report that may:

- (a) make the same recommendation as in its initial report; or
- (b) any other recommendation that may be made under subsection (1).

Report 2014-01 recommended that an FSR rider of 3.92 cents per kWh be approved for the period December 1, 2013 to March 31, 2014. In this Final Report the URRC recommends that the fuel stabilization rider of 3.92 cents per kWh be extended to April 30, 2014.

2. Nothing in this Report shall prejudice the URRC in its consideration of any other matters respecting QEC.

**ON BEHALF OF THE**

**UTILITY RATES REVIEW COUNCIL OF NUNAVUT**



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**DATED: March 12, 2014**

**Raymond Mercer**

**Chairperson**