



## News Release

### Three Cent Solution Applied to Power Rates

**IQALUIT, Nunavut, (February 28, 2005)** – Energy Minister Edward Picco and Finance Minister Leona Aglukkaq have announced that the Government of Nunavut will accept the rate recommendations of the Utility Rates Review Council.

“The URRC has designed a conservative fiscal framework within which QEC will operate. We thank the URRC for its rate recommendations and its advice on financial issues,” said Picco.

The URRC has called for a 15% increase in revenue for QEC. In order for QEC to achieve this revenue increase, the URRC has proposed a Nunavut-wide rate increase while freezing customer service charges. The URRC also has provided numerous suggestions for responding to financial issues at the electrical utility, bringing equity to electricity rates across Nunavut, and future rate adjustment applications. The URRC has further recognized that the 15% revenue increase falls short of what Qulliq Energy Corporation requires to be financially independent in the short term and is prepared to consider additional adjustments over the next 18 months.

In accepting these rate recommendations, the GN has created a 3 cent solution. Residential customers whose consumption is less than 700 kilowatt hours (kwh) will see the charge for a kwh of electricity increase 3.18 cents. The current rate for subsidized electricity consumption charged to residential customers will increase from 15.22 cents to 18.4 cents a kwh.

For residential customers the limit on the Nunavut Electricity Subsidy Program will be raised from 700 to 1,000 kwh for the October to March billing cycles. This change will provide the greatest benefit to residential consumers in high-cost smaller communities. Previously these customers could have paid a community electricity consumption rate of up to 73.40 cents per kwh on consumption between 700 and 1,000 kwh.

Commercial customers will experience increases of up to 16.5% on their bills.

For residential customers in social housing units the GN has frozen electricity costs for the next year at the current level of 6 cents per kwh.

The Energy Minister has accepted the URRC recommended Fuel Rate Rider, which could be used in the event of changes to fuel costs.

While maintaining community-based rates as the foundation of its recommended price adjustments, the URRC has suggested that QEC develop and return with a new Capital

Rate Rider to address the longer-term capital cost disparities between Nunavut communities. This equalization rider proposal is to be provided to the Minister of Energy within 90 days.

“With the assistance of the URRC we have struck a balance between the needs of the corporation to move towards long term financial sustainability and the needs of electricity consumers for some stability in this vital service,” said Picco.

“A secure Qulliq Energy Corporation that generates electricity with the lowest rates possible is one of the underpinnings for our expanding economy,” said Aglukkaq.

Changes announced today come into effect April 1, 2005.

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Attachments

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