

News Release

Request for 6.1% Change in Power Rate Rejected

IQALUIT, Nunavut (September 8, 2006) – Energy Minister Edward Picco has accepted a recommendation from the Utility Rates Review Council (URRC) that reduces a requested rate increase from the Qulliq Energy Corporation (QEC).

The URRC has determined that QEC can operate with a 5.91 per cent increase in base power rates for residential and commercial customers. Nunavut's electricity generator had asked for a 6.1 per cent increase.

The URRC also recommended that the revenue shortfall for the period April 1, 2005 to September 30, 2006 be funded by the Government of Nunavut (GN) instead of QEC customers. The GN has agreed to subsidize consumer accounts in all rate classes over the next 24 months to respond to the shortfall. Consumers will see the \$5.16 million electricity subsidy on their bills.

The new rate and subsidy come into effect Oct. 1, 2006.

"Most residential customers will pay about \$10 a month," said Picco.

The current subsidized rate for residential customers is 18.4 cents a kilowatt hour (kWh.) The new subsidized rate will be 19.5 cents a kWh.

During the summer months residential customers are subsidized up to a level of 700 kWh. The winter subsidized level is 1,000 kWh. The winter subsidy comes into effect on Oct. 1 – the same day the new base rate adjustment comes into effect.

"The new base rate and the planned consumer subsidy further strengthen QEC's financial position and is more equitable to the customer."

Nunavut's power comes from diesel generators and higher world oil prices result in higher diesel costs, which are covered through a fuel stabilization rider.

Consumers pay a fuel stabilization rider of 3.98 cents a kWh, which came into effect Nov. 1, 2005. High world prices have increased costs for fuel being shipped to Nunavut. A new fuel price, based on the cost of the 2006 re-supply, will be announced by the GN shortly. QEC will calculate the impact on generation costs and will request a corresponding adjustment to the current fuel rider.

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