

A message from the Utility Rates Review Council

The URRC received a General Rate Application (GRA or application) from Qulliq Energy Corporation (QEC) on November 29, 2024. The application was forwarded by the Minister Responsible for the Qulliq Energy Corporation for the URRC’s review and recommendation.

The Application

In its application QEC requested approval, from the Minister Responsible, of:

- a forecast revenue requirement for the 2025/26 test year of \$183.9 million, which would result in a shortfall of \$21.5 million based on revenue at existing rates (QEC has considered existing rates to be those approved in the 2022/23 GRA Base Rate Adjustment plus the current FSR rate that will expire on March 31, 2025)
- maintenance of the existing territory-wide levelized rate structure (sometimes referred to as ‘postage stamp rates’),
- a two-fold increase in monthly customer service charges and monthly demand service charges
- an average increase in energy rates of 9.5% for domestic and commercial customers, and 12.9% for streetlight customers,
- new rates to be implemented based on the April 1, 2025/26 test year (QEC stated its intention to submit a subsequent application for interim rates to cover the time between April 1, 2025 and the approval of final 2025/26 rates).

The forecast revenue requirement of \$183.9 million is about \$40.0 million higher than that requested in the original 2022/23 GRA, and \$27.3 higher than the 2022/23 GRA Base Rate Adjustment, effective October 1, 2023, which incorporated higher fuel costs. The increase of \$27.3 million since the GRA Base Rate Adjustment is primarily due to: increases in non-fuel operation and maintenance expenses (\$19.3 million), production fuel (\$5.9 million), and return on rate base (\$4.3 million), partially offset by lower fixed asset amortization (\$2.1 million). The increase in costs is also offset by higher revenues at existing rates (\$2.4 million primarily due to load growth), higher non-electrical revenues (\$0.9 million) and amounts that would be collected if the FSR remained in place (\$2.5 million). A revenue shortfall of \$21.5 million results from these forecast changes since the 2022/23 GRA Base Rate Adjustment.

As noted above, QEC is maintaining the territory-wide rates. Under territory-wide rates, all customers in the same rate class would pay the same rates, in all communities throughout Nunavut.

QEC proposed to collect the \$21.5 million revenue shortfall by increasing base energy rates, and customer service and demand service charges. The average increase in base energy rates is 9.5 %. Customer service charges are proposed to increase from \$18 per month to \$36 per month. Demand service charges are proposed to increase from \$8 per kW to \$16 per kW. For additional information about the changes to the different rate classes please refer to Schedule 8.1 (from the GRA application).

The GRA application includes QEC’s estimates of the bill impacts for the proposed rates, assuming monthly consumptions of 500 kWh for domestic customers and 2,000 kWh for commercial customers. The table shown below was provided by QEC in the application (Table 8.2), comparing the bill impacts from changing to the proposed energy, customer and demand rates under the assumed monthly consumptions.

**Table 8.2:
2025/26 Rate Proposal Bill Impacts Over the Existing Rates**

	Average Bill Changes
Non-government Domestic - NESP Subsidized	Increase of 7.4% (\$13.6)
Municipal Tax-Based / Non-government Domestic - Unsubsidized	Increase of 14.0% (\$53.3)
Government Domestic	Increase of 12.6% (\$70.7)
Municipal Tax-Based / Non-government Commercial	Increase of 12.6% (\$155.9)
Government Commercial	Increase of 11.4% (\$235.3)

Process

The URRC’s consideration of the QEC 2025/26 GRA Application will include an information request/response process with QEC to enable the URRC to better understand the proposed revenue requirement and rates. The URRC would also like to hear views from QEC customers and interested parties respecting this Application, if any. The URRC will consider written submissions about the GRA application as well as QEC’s responses to those submissions.

The deadline for written submissions is: 5 p.m. (EST) January 24, 2025.

The QEC application can be found on www.qec.nu.ca or upon request through either the URRC or QEC.

Submissions can be sent to:

**Email – URRC@gov.nu.ca Executive Director of the URRC,
Box 1000, Stn 200, Iqaluit, NU, X0A 0H0**

The URRC is an arm’s-length board that gives advice to the Government of Nunavut about rates levied by utilities.