



October 1, 2020

Honourable Jeannie Ehaloak Minister Responsible for Qulliq Energy Corporation Government of Nunavut

## Re: Fuel Stabilization Rate Fund – Application for Rider

In accordance with the Ministerial Instruction dated May 30, 2014, Qulliq Energy Corporation (QEC) prepares forecasts of the balances in the Fuel Stabilization Rate Fund (FSRF). The Minister's instruction requires QEC to apply to the responsible Minister for a fuel rider if at any time the balance in the FSRF is expected to exceed the threshold of plus or minus \$1 million within a six-month period.

Effective April 1, 2020 the fuel rider was approved at a refund of 2.76 cent/kWh expiring September 30, 2020.

QEC has prepared an updated forecast for the period from October 1, 2020 through March 31, 2021. The forecast indicates that with the refund rider expiring on September 30, 2020 the projected balance in the fund at March 31, 2021 would be approximately \$1.2 million owing to customers mostly due to fuel prices remaining below the levels approved in the 2018/19 GRA. Therefore, QEC respectfully requests approval of a 1.25 cent/kWh FSRF refund rider effective October 1, 2020 expiring March 31, 2021.

Attached are schedules summarizing the forecast monthly balances in the FSRF through March 31, 2021 and detailing the calculation of the proposed rider. The schedules are based on the following information and assumptions:

- 1. **Bulk Fuel:** Bulk fuel delivery forecasts based on the 2019 resupply season actuals. Bulk fuel price forecasts are based on information provided by Petroleum Products Division (PPD).
- 2. **Nominated Fuel Prices:** Actual nominated fuel prices up to July 2020. Nominated fuel prices for July 2020 through March 2021 forecast period reflect the current nominated fuel prices.<sup>1</sup>
- 3. **Fuel Inventory:** Forecast fuel prices reflect weighted average fuel prices based on fuel inventory and a mixture of bulk fuel and nominated fuel deliveries.
- 4. Sales and Generation: QEC's most recent generation and sales forecasts.

<sup>1</sup> The current nominated fuel prices are effective January 15, 2020. QEC would like to note that the average fuel prices for January 2020 did not reflect portion of the fuel deliveries in this month at the new fuel prices. QEC will review the actual payments for January 2020, and will make any required adjustments in the next FSR update. QEC does not expect the impact of this adjustment on the FSR balance to be significant.



The difference between the forecast fuel prices and fuel prices approved in the 2018/19 GRA is used to calculate the charges or credits to the FSRF each month.

The proposed refund rider of 1.25 cents/kWh was calculated to target a balance of zero in the FSRF by March 31, 2021, based on a rider being implemented effective October 1, 2020. QEC is seeking a rider implementation period that ends March 31, 2021. The next application will reflect any required adjustments as a result of changes in fuel prices or balances in the FSRF account.

Considering that the FSRF rider application review and approval process will take time beyond the proposed rider implementation date of October 1, 2020, QEC is requesting that an interim refundable FSRF rider be set for the period between October 1, 2020 and the final approval date of the current application. Refunds provided to customers under the interim rider will be reflected in the FSRF account.

Based on current electricity rates, residential customers who use approximately 500 kilowatt hours per month can expect to see a refund of approximately \$6.60 (including GST) on their monthly bill.

In summary, QEC respectfully requests the Minister's approval of a 1.25 cent/kWh FSRF refund rider for the period of October 1, 2020 to March 31, 2021.

Respectfully submitted,

Jamie Flaherty Acting President & CEO Qulliq Energy Corporation