Qulliq Energy Corporation

Corporate Plan 2015-2019

Table of Contents

1.0 Introduction

Qulliq Energy Corporation (QEC) is a Territorial Corporation wholly owned by the Government of Nunavut (GN). The Corporation was originally established in 2001 as the Nunavut Power Corporation (NPC) under the *Nunavut Power Utilities Act*, and subsequently renamed Qulliq Energy Corporation in 2003. The *Nunavut Power Utilities Act* was also renamed the *Qulliq Energy Corporation Act* as the result of legislation passed in March of 2003, which broadened the Corporation's mandate to respond to a range of energy use and conservation issues within Nunavut.

QEC generates and distributes electrical energy to Nunavummiut through the operation of twenty-five diesel generation plants in twenty-five communities, provides mechanical, electrical and line maintenance from three regional centres, and administers billings and the Corporation's human resource, information technology, and financial activities from offices in Baker Lake.

QEC attends to the overall objectives provided by legislation, supports the Minister responsible for Qulliq Energy Corporation on intergovernmental and regulatory issues, has the mandate to manage the capital projects of the Corporation, and respond to issues of alternative generation sources.

1.1 Vision

The Corporation's vision is to provide to the communities of Nunavut a safe, reliable, sustainable and economical energy supply and service. The foundation of our vision is an empowered and accountable workforce, representative of Nunavut's population, and reflective of Inuit societal values. We operate as an enterprise with transparency, accountability and integrity.

1.2 Mission

The Corporation's Mission Statement is as follows:

> ***QEC provides safe, reliable and efficient electricity and plans long term affordable energy for Nunavummiut***.

1.3 Values

The Values included within the Mission Statement are:

Safety is and will continue to be the Corporation's first priority. This fact is communicated to and reflected in policies and procedures for the Corporation's employees clearly and consistently.

Reliability is second only to safety. The focus of the Corporation's day-to-day operations is the provision of safe and reliable service to customers.

Efficiency is applicable to all of the Corporation's operational and administrative activities. Efficiency indicates QEC's intention to respect the investment in the Corporation made by Nunavummiut, and to use resources with clear attention to reasonableness and value.

1.4 Corporate Objectives and QEC's Commitment to Nunavummiut

The vision, mission, and values of Qulliq Energy stem from the corporate objectives, as prescribed in section 5 of the *Qulliq Energy Corporation Act* are:

(a) to generate, transform, transmit, distribute, deliver, sell and supply energy on a safe, economic, efficient and reliable basis;
(b) to plan and provide for Nunavut's long term needs for affordable energy, taking into consideration Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources;
(c) to purchase, store, process, distribute, deliver, sell and supply petroleum products and other fuels;
(d) to undertake programs to maximize efficiency of fuel and other energy consumption and to provide advice and information to consumers to enable fuel and energy conservation;
(e) subject to the *Utility Rates Review Council Act*, to set rates and tariffs for energy and services supplied by the Corporation and its subsidiaries; and
(f) to undertake any other activity directed or authorized by order of the Commissioner in Executive Council.

The 4th Assembly's Mandate *Sivumut Abluqta: Stepping Forward Together* has four key priorities, of which one is self-reliance and optimism through education and training. In this regard, QEC will continue to support Inuit employment and training.

The Guiding Principles that will facilitate the GN and QEC to meeting their visions are the same Inuit societal values that have led Nunavummiut and will continue to guide the GN and QEC into the future:

Inuuqatigiitsiarniq:	respecting others, relationships and caring for people.
Tunnganarniq:	fostering good spirit by being open, welcoming and inclusive.
Pijitsirniq:	serving and providing for family and/or community.
Aajiiqatigiinniq:	decision making through discussion and consensus.
Pilimmaksarniq/Pijariuqsarniq:	development of skills through observation, mentoring, practice, and effort.
Piliriqatigiinniq/Ikajuqtigiinniq:	working together for a common cause.
Qanuqtuurniq:	being innovative and resourceful.
Avatittinnik Kamatsiarniq:	respect and care for the land, animals and the environment.

The Corporation's objectives include and are consistent with the objectives of the 4th Legislative Assembly of Nunavut. The GN and QEC are committed to:

- Reduced dependency on diesel through heat recovery and distribution systems, and alternative generation planning;
- Environmental protection and monitoring of fuel purchasing, storage and supply;
- Beneficiary apprenticeship and internship employment programs that remove barriers to employment;
- Responses and solutions relating to the recommendations of the Office of the Auditor General and Legislative Assembly Standing Committees;
- Services to the public in Nunavut's official languages;
- Administration of electricity rate subsidy programs for the GN;
- Capital planning to support territorial and municipal infrastructure improvements; and
- Accountability, transparency, integrity, and managing in a fiscally responsible manner.

1.5 Logo

The Corporation's logo, adapted from the previous QEC logo, was unveiled by the Board of Directors in 2011. It was created to keep the Corporation compliant with language legislation passed in the Legislative Assembly of Nunavut, while rebranding QEC for its next 10 years of service. The logo is a symbol that incorporates one of the most traditional of all Inuit tools, the Qulliq, the historic source of light and heat for Inuit.

The symbolism of the qulliq is clear and while subtly different from our previous logo, still keeps its relevance to our Corporation's name. The means of providing heat and light in the 21st century may have changed, but the importance has not diminished.

2.0 Environmental Scan

QEC operates within a broad spectrum of social, political, geographical, environmental and economic conditions specific to the unique challenges of generating and distributing electricity in Nunavut.

2.1 Social

Nunavut is the newest of Canada's territories, with a young and growing population of approximately 36,687 (October 2014) individuals, situated in 25 widely distanced and isolated communities. The largest communities have between two and seven thousand people, while the smallest have just over one hundred. While employed Nunavummiut are typically well remunerated, wage-economy opportunities and economic activity in Nunavut are limited.

QEC operates within the context of an 85% Inuit populace, and the framework built by the *Nunavut Land Claims Agreement*. In particular, the Corporation works to implement Article 23 of the NLCA which requires efforts to create a representative public service.

2.2 Political

The Corporation's sole shareholder is also its largest customer, its largest supplier, its ultimate regulator and the source of consumer subsidy regimes. The GN and the Minister responsible for QEC play a significant role in the Corporation's activities.

The Corporation's Board of Directors is appointed by the Minister responsible and QEC must submit applications for rate changes to the Minister responsible, who may then seek the advice of the Utility Rates Review Council (URRC).

The URRC is created by an act of the same name. Its purpose is to make rate recommendations to the responsible Minister, which could be the Minister responsible for the URRC or the Minister responsible, depending upon the circumstance. The responsible Minister determines whether to implement the regulator's recommendation, the Corporation's request, or may instruct that the process begin again subject to Cabinet approval.

Since 2005-2006, the Minister responsible for QEC has provided to the Corporation an annual Letter of Expectation. The purpose of this letter is to help provide the Board of Directors of QEC direction in defining the priorities and desired outcomes of the Corporation while reinforcing the importance of QEC's relationship with the GN.

One of the priorities of the 4th Legislative Assembly is to increase the ability to be self-reliant; for QEC, this would mean changing our reliance on imported diesel fuel for energy. Therefore, QEC must continue to seek alternatives to diesel fuel for electricity generation, concentrating on renewable energy sources in Nunavut such as hydro, wind and solar power while promoting efficient energy use.

2.3 Rate Regulation Activity

QEC filed a combined Phase I and Phase II General Rate Application (GRA) with the URRC on November 1, 2013 which requested approval of proposed rates effective April 1, 2014. The 2014/15 GRA application included two phases: Phase I - seeking approval of a revenue requirement of $131.159 million and Phase II – rate rebalancing between communities and rate classes.

On November 7, 2013, the GRA was withdrawn with the intention to resubmit after the formation of the 4th Legislative Assembly. Subsequently QEC filed its 2014/15 GRA with the URRC on December 4, 2013.

On December 10, 2013, an Instruction by the Minister responsible for URRC reduced the FSR rider from 5.31 cents/kWh to 3.92 cents/kWh on an interim basis. The impact of this change is a $2.400 million increase in the forecasted revenue shortfall in the 2014/15 Test Year at existing rates as compared to the original GRA filing.

In addition, a fuel price increase effective January 1, 2014, increased the 2014/15 forecasted revenue requirement by $1.820 million. This comprised of $1.816 million from higher fuel expense and $4,000 from higher return on rate base due to a change in working capital requirements related to higher fuel prices. As a result of these events and further review, minor adjustments were made to expense projections. QEC provided updated revenue requirement information to the URRC.

On January 29, 2014, QEC was directed by an Instruction from the Minister Responsible to retract the move to territorial rates and remove Phase II from the 2014/15 GRA and only implement the Phase I component of the Application by way of an equal percentage across-the-board increase to current rates. Hence, all customers would receive the same percentage increase in their current rates.

As the URRC Report was not due until May 19, 2014, the Corporation had previously sought Executive Council's approval to extend a Fuel Stabilization Rider of 3.92 cents per kWh from December 1, 2013 to April 30, 2014. This extension of one month from March 31, 2014 to April 30, 2014 mitigated the loss of revenue for the month of April 2014 due to the timing of the Report.

On May 30, 2014, the Minister Responsible for QEC gave instruction to QEC to increase rates by 7.1% across all customer classes and communities, effective May 1, 2014. In the same instruction the Minister acknowledged acceptance of revisions to the Terms and Conditions of Service and the Fuel Stabilization Fund Instruction.

2.4 Geographic

QEC serves twenty-five locations, all but one located north of 60°. There are no roads linking communities, and there is no shared transmission grid. Nunavut is unique in that it spans three time zones and covers 1.994 million square kilometres of land mass, with a population estimated at 36,687 (October 2014). Supplies and fuel arrive either by boat in the limited Arctic shipping season, or by air when deemed necessary.

Outdoor work continues to be necessary for many QEC employees, even as Arctic winters and darkness create hardships and hazards. QEC delivers electricity to communities under what are arguably one of the world's harshest environmental conditions.

Using the decentralized model adopted by the GN, the Corporation has regional offices in Rankin Inlet and Cambridge Bay, Corporate Headquarters located in Baker Lake, as well as executive and regional offices in Iqaluit.

2.5 Environmental

QEC operates in some of the most rigorous environmental conditions of any utility in the world. Weather, distance and darkness generate stresses on employees, assets and equipment. Operating standards tend to be set based on general Canadian conditions and resources, and the expectation to maintain a pristine Arctic is reflected in environmental protection pressures. Most corporate employees live and work in their home communities across Nunavut, participate in the traditional economy with its dependence on the land and sea, and feel a strong personal commitment to sustainable use.

The original operator at most QEC power plants was the federal crown corporation, the Northern Canada Power Commission (NCPC) that had responsibility for power generation from 1949 to 1988. After that date, operations were managed by Northwest Territories Power Corporation (NTPC). At the time of division in 2001, the two corporations each agreed to manage environmental issues in their respective territories and to work together to obtain accountability from prior operators.

QEC has inventoried its sites for environmental issues, and has two full time staff from the Health, Safety and Environment department engaged in prevention and remediation. The Board has taken a strong interest in site remediation, and through the Minister Responsible and the GN, is actively seeking the resolution of contamination issues. The Corporation is anticipating that the Federal Government of Canada will take responsibility for remediation of these inherited sites.

QEC's Environmental staff will also continue detailed delineation studies at plant sites to determine the amount, type and concentration levels of any contamination on corporate property, which are precursors to remediation projects.

2.6 Economic

The largest item in QEC's budget is fuel. All fuel is purchased through the Petroleum Products Division (PPD) of the GN Department of Community and Government Services. About half of this is purchased and stored by QEC using PPD as the agent, paying "off the boat" prices or "bulk prices". The other half is purchased from PPD throughout the year through its local agents at GN-set prices or "nominated prices". The combination of these purchasing methods in each community depends on the existence or locations of pipelines and the storage capacity of QEC's tanks. Fuel prices in Nunavut are dependent on the price of crude oil on world markets and the American versus Canadian foreign exchange rate.

In the longer term, higher or fluctuating fuel prices will make diverse alternatives to diesel generation increasingly viable across Nunavut. Although creating a stressful transition, the long-term diversity of generation and supply will eventually be seen as a positive impact of fuel pressures, both economic and environmental.

The second largest item in QEC's budget is compensation and benefits. This item is also a driver of increased rates and is governed by the collective agreement that is negotiated on average every three years.

2.7 Load Growth

QEC continues to operate in a time of significant load growth. Across Nunavut, both Federal and GN departments, agencies and municipalities are mobilizing to provide improved infrastructure to Nunavummiut. The Corporation is working hard to keep up with load growth with limited resources – financial and personnel wise. The economies of scale, a limited revenue stream from a small customer base, and short shipping and construction windows make it difficult to maintain and expand QEC's infrastructure to meet growing customer demand.

Load growth in each of Nunavut's regions has been significant and is forecast to continue into the near future. Growth within the Qikiqtaaluk Region is being spurred by the 3-4% load growth in Iqaluit.

The Kitikmeot Region, specifically Cambridge Bay, is experiencing significant growth due to the new Canadian High Arctic Research Station (CHARS). The CHARS campus alone will trigger an approximately 75% capacity increase over Cambridge Bay's current plant capacity.

The GN's Capital Plan to upgrade, expand, or replace infrastructure in communities is a significant driver in load growth. QEC's Senior Management relies upon its relationship with the GN Department of Community and Government Services, and the analysis of the GN's annual Main Estimates, to gather information on the various major projects scheduled over the coming years. In addition to territorial and federal government driven major projects, there are new homes being added in each community along with private enterprise initiatives, which are adding to demand on the generating capacity of each community.

There continues to be exploration and subsequent evaluative activity in the mining sector, which will challenge the ability of the Corporation to respond to resource development activities in and near communities and to the issues surrounding potential corporate participation. QEC continues to investigate opportunities to participate as the operator in generation activities in the mining sector and may be developing or proposing such operating relationships in the coming years. The Corporation's first priority is supplying electricity to residential and commercial customers. QEC will ensure that any future generation and distribution for industrial customers will have no detrimental effect on the electrical supply and rates charged to Nunavummiut.

2.9 Inuit Employment Plan (Article 23)

QEC continues to be one of the most successful Nunavut organizations in hiring, training and

retaining beneficiary employees with an Inuit employment rate of 56% (September 2014) with 30% (September 2014) of QEC beneficiary employees enrolled in long term career development plans.

The QEC IEP consists of five programs (listed below). Each program is an independent but interconnected recruitment or development opportunity. Each program has been developed in line with QEC's strategy of growing corporate capacity for today and into the future. The overall plan mandate is to move both current Inuit employees and new Inuit hires to planned levels of skill growth and career opportunity.

1) The Inuit Leadership Development Program (ILDP) aims to increase employment for NLCA beneficiaries at the professional, management, and senior management levels. Most professional and management positions at QEC require a formal education and/or a professional designation requiring a degree in one of the following areas listed below:

    - Accounting;
    - Engineering;
    - Finance;
    - Human Resource Management; and
    - Information Technology.

    As part of this program QEC provides scholarships in each of the degree streams. The scholarships are intended to remove financial barriers, allowing students to focus on their academic success, and subsequently, their career at QEC.

2) Inuit Employee Development Plans are designed to be self-directed with support from an employee's manager and the IEP Administrator. Completing the development plan process helps to ensure employees have the knowledge, skills, leadership competencies and abilities to achieve these individual career and organizational goals.

    Through formal education, on-the-job learning, gaining new and different experiences, employees will work towards the next step on their career ladder as identified in their career development plan. Lateral moves within the Corporation and between departments and positions also provide significant opportunities for cross training.

3) The IEP Committee (selected by an open application process) mandate is to review, analyze, and provide feedback to senior management on policies and employment practices as they influence Inuit employment. The IEP Committee was formed to support QEC's Inuit Employment Plan mandate and vision. Working collaboratively, the IEP Committee acts as a formal group to exchange ideas, concerns and solutions related to the QEC Inuit Employment Plan as identified by IEP Committee members.

4) The QEC Inuit Summer Student Employment Program (ISSEP) provides students with an opportunity to work in our two main offices or the plants in Nunavut's communities.

Students are hired for positions in their own community thus giving them exposure to opportunities that they can 'see'.

This experience has proven to give students a valuable opportunity to explore their career options and allows QEC to assess them for other opportunities. Students that are identified by their manager and/or the IEP Committee as high potential candidates for the ILDP or Apprenticeship Program will have an opportunity to interview and apply for either of these programs.

To select summer students, QEC has implemented a Selection Committee that is comprised of Inuit employees. This Committee manages all aspects from applicant review, conducting the interviews, sending letters of offer, through to exit interviews with students and managers. The IEP Administrator remains as an available support to the Committee as they manage this important process. The Committee receives training from the IEP Administrator to be able to participate in this program. This is a valuable developmental opportunity for Committee participants.

5) The Apprenticeship Program was developed to reduce the dependency on hiring trades people outside of Nunavut. The recruitment of a professional journeyperson to come live, work and 'remain' has become a significant expenditure for QEC and competition from companies both in and outside the territory has resulted in extended positional vacancies. This program is a proactive step in providing QEC's Operations department with skilled trades people.

Taking a planned approach allows QEC to develop its current employees into more senior level roles as part of their career development, develop QEC's corporate succession plan, and attract and employ students interested in furthering their education and career choices with QEC.

The most recent employment statistics for the Corporation are included as Appendix C.

3.0 Critical Issues

3.1. Operational and Decision-making Accountability

Continuing improvements in financial reporting have ensured that the Board of Directors has the information necessary to continue refining corporate governance.

QEC is now able to predict and report load growth, operating expenditures and capital costs, translating this information into annual revenue requirements. The Corporation can provide timely information to impacted stakeholders.

The previous years of reduced revenue and limited access to capital has meant that there are still significant capacity issues in many Nunavut communities, and that plants requiring replacement are still being delayed pending access to the necessary capital funds. Projects in these areas will be a significant portion of the capital budgets for QEC in the foreseeable future. In 2015-2016, continued emphasis will be placed on prioritizing required plant and equipment replacements, upgrades and expansions, as well as identifying funding sources and leveraging funding arrangements.

All electricity needs in Nunavut are met by imported fossil fuel supplies. QEC is the only energy corporation in Canada without developed local energy resources or regional electricity transmission capability, thereby creating a situation of huge fossil fuel dependency. Each community in Nunavut has its own independent electricity generation and distribution system. There is no back-up grid. It is critical for QEC to determine the most economical and environmentally sound alternatives to diesel-generated electricity, in order to minimize the territory's dependence on imported fossil fuels.

3.2 Income

All Nunavut communities, regardless of population, require similar power infrastructure. Due to a small base of corporate and private ratepayers, there is an inability to charge suitable rates to generate the necessary revenue in small communities to properly fund the required maintenance and capital improvements to the power infrastructure. The Corporation continues to address the lack of revenue by filing General Rate Applications and Fuel Stabilization Rider (FSR) applications, and requesting the GN to cover FSR shortfalls.

The combination of aging infrastructure requiring replacement and the worldwide volatility of fossil fuel prices will exceed the cash flow produced from the income that the Corporation creates. Without surplus income, there is little ability to borrow incremental amounts. The ability to borrow is further constrained by QEC's regulated debt to accumulated surplus ratio (debt-to-equity) and the size of the GN's guaranteed debt cap allocated to the Corporation, which inhibits QEC's ability to move forward on potential large-scale projects aimed at minimizing Nunavut's dependency on fossil fuels and providing an affordable energy supply to Nunavummiut.

This lack of surplus cash flow and access to debt capital also precludes the ability to research and implement alternative energy projects designed to reduce Nunavut's overall carbon footprint. QEC's recent and future projects in residual heat and hydroelectricity raise new questions regarding the apportionment of costs, risks and revenues between communities and among revenue sources. These issues will come under renewed and continued discussion and development in 2015 and beyond.

3.3 Generation Mandate

The Corporation is facing population driven demands, resulting from new infrastructure requirements as well as from requirements to replace aging infrastructure. Some of the major drivers for capital expenditures are:

- Duty to Serve;
- Integrity of Power System Infrastructure;
- Equipment Life Cycle Cost;
- Safety and Code Compliance;
- Cost Savings;
- System Load Growth;
- Asset Base Sustainability; and
- Resource Availability.

Typically, a power plant is designed to function for 40 to 50 years. The Corporation owns and operates 25 diesel power plants across Nunavut. This means that every two to three years a new power plant or major reconstruction of the existing facility should be undertaken to maintain the integrity of the existing generating infrastructure. The Corporation has built one new power plant in the past 11 years (Baker Lake) and is currently building in Taloyoak and Qikiqtarjuaq. Many existing plants were built by NCPC using federal funds and the existing community-based rate structure relies heavily on this inherited infrastructure. As previously stated, the financial capacity and rate base of some of Nunavut's smallest communities may be inadequate to support a replacement plant.

In order to maintain reliability and meet increasing load demand across QEC's system, a number of genset replacements/additions have been undertaken in the past 5 years. This is a short-term solution to a long-term problem of load growth coupled with unfunded long-term capital requirements. This practice is clearly not sustainable for the many plants that are at the end of their economic lifecycle. In order to maintain reliability and meet load requirements, QEC has prioritized its capital plan to include genset replacements, capacity increases, and environmental and regulatory requirements to address safety concerns over the past few years. In 2015-2016, QEC has major infrastructure expansions and plant replacements in its capital plan, and will also be increasing capacity/replacing gensets and upgrading residual heating systems (See Appendix A).

The Corporation is responsible to Nunavummiut to advance economically viable renewable energy opportunities. QEC is currently involved in a number of initiatives that could assist in reducing Nunavut's dependence on fossil fuels.

Some of these initiatives include:

- The investigation of hydro-electric power generation for Iqaluit;

- Optimizing fuel efficiency in diesel plants by incorporating Programmable Logic Controllers/automation into the design;
- Utilizing residual heat from the diesel gensets to provide block heating/plant heating in order to reduce station service loads where feasible;
- Analyzing available heat recovery technology and its viability in applying to different communities; and
- The construction of residual heat distribution systems to third party customers such as in Rankin Inlet, Iqaluit, and Arviat.

All of these initiatives are targeted at reducing fuel consumption, reducing Greenhouse Gas Emissions, and minimizing the environmental impact on the communities in which QEC operates.

QEC is seeking funding for hydroelectric development in Iqaluit. Initial studies indicate that the Jaynes Inlet and Armshow South sites have potential but require in-depth feasibility studies to help determine the overall socio-economic and environmental viability of the development. In order to undertake the studies, substantial funding is required to define the basic parameters of the project – hydrology, geography, power plant design estimates, transmission line design, routing and estimate, environmental studies, regulatory approvals, etc. Based on the requirements for permitting, design, environmental studies, land negotiations, and construction, hydro development projects are extremely capital intensive initially and take several years to implement from the concept stage.

The Corporation will use both its available capital budget and funds solicited from outside sources to advance the infrastructure goals of Nunavut.

4.0 Priorities 2014-2018

The priorities are delineated by functional department and derived from the Corporation's core mandate, by direction received from the QEC Board of Directors and the Government of Nunavut.

4.1 Board of Directors

Priorities (2014-2015)

- The QEC Board will establish and implement an annual Directors and Board Evaluation Process.
  Status: *Board governance training took place in October 2014 regarding the responsibilities and the role of the Board; however, an evaluation process has yet to be established.*
- Through the QEC Board Governance and Policy Committee that was struck at the March 2014 Board meeting, the QEC Board will update Board governance and operating policies.

  Status: *Board governance and operating policies require further review before updates are affected.*

Priorities (2015-2016)

- The QEC Board will establish and implement an annual Directors and Board Evaluation Process.
- Through the QEC Board Governance and Policy Committee that was struck at the March 2014 Board meeting, the QEC Board will update Board governance and operating policies.
- Board development training and activities to be undertaken to continuously improve governance.

4.2 Administration

Administrative services include two main areas: the Office of the President and CEO, and Corporate Affairs. Working closely together, the Board of Directors, Senior Management, and the Office of the President and CEO provides for the overall leadership and management of the Corporation while ensuring ongoing implementation and integration of government priorities into corporate operations. Corporate Affairs is responsible for the administration and evaluation of corporate policy, strategic planning, policy and legislative development, communications, risk management, and providing support to other departments of the Corporation.

Priorities (2014-2015)

- Evaluate and realign the corporate and strategic planning processes utilized by the Corporation with a view to streamline the process.
  Status: *A review of the strategic planning process took place with senior managers in June 2014.*

- Review the application of Enterprise Risk Management processes for utilization across the entire functional organization.
  Status: *Enterprise Risk Management is being reviewed with a view to starting the process over due to the passage of time from the last functioning program.*
- Continue with the implementation of a Corporate Communications framework.
  Status: *Progress and improvements to the framework continue to be implemented.*
- Identify opportunities with the GN to implement the Comprehensive Implementation Plan for the *Official Languages* Act and the *Inuit Language Protection Act*.
  Status: *Priorities have been identified and are being successfully implemented.*
- In collaboration with the QEC Board, establish and implement an annual Directors and Board Evaluation Process.
  Status: *Board governance training took place in October 2014 regarding the responsibilities and the role of the Board however an evaluation process has yet to be established.*
- In collaboration with the QEC Board, update Board governance and operating policies.
  Status: *Changes to Board governance and operating policies have not yet taken place.*
- Continue the critical review and updating of corporate policies.
  Status: *The review and updating of corporate policies is underway and continues to take place.*
- Review Key Performance Indicators (KPI's)/Balanced Scorecard performance measures into all business plans and reporting platforms to determine relevance.
  Status: *KPI's will be established based on the revised Strategic Plan.*
- Continue a quality control process for audit projects, as required by Institute of Internal Auditor (IIA) Standards, including external review and client satisfaction feedback.
  Status: *The current files are ready for review and are waiting for a contract for external resources to be obtained in the new fiscal year.*
- Develop a new Strategic Plan for the Corporation
  Status: *A draft 2015-2018 Strategic Plan for the Corporation has been developed and is in the process of being finalized*.

Priorities (2015-2016)

- Complete an internal review of the Internal Audit Function, including client feedback.
- Continue a quality control process for audit projects, as required by Institute of Internal Auditor (IIA) Standards, including external review and client satisfaction feedback.
- Review the application of Enterprise Risk Management processes for utilization across the entire functional organization.
- Continue the critical review and updating of corporate policies.
- Implement the Strategic Plan for the Corporation
- Review Key Performance Indicators (KPI's)/Balanced Scorecard performance measures into all business plans and reporting platforms to determine relevance.

- Develop a standardize Administrative Records Classification System specific to the needs of the Corporation.
- Develop a Communication Strategy.
- Develop an Independent Power Producers (IPP) Policy.

Priorities (2016-2017)

- Complete an independent review of the KPI/Balanced Scorecard performance measures to ensure the system is meeting corporate needs.
- Develop a Records and Information Management Policy Manual

Priorities (2017-2018)

- Complete an external quality assurance review of the Internal Audit function, as required by IIA Standards.
- Monitor the implementation of the electronic records management system.

Priorities (2018-2019)

- Review new Cabinet mandate for alignment with QEC priorities.
- Continue to implement the scanning and electronic archiving of all corporate records.

Priorities (2019-2020)

- Continue efforts to better communicate with stakeholders through a review of the existing communication tools that are being utilized.

4.3 Engineering

The Engineering Department's primary function is to provide engineering design and technical support services for the Corporation. It also develops and maintains various corporate engineering standards and is the primary vehicle for developing and implementing the capital plan. Engineering supports and partners with the Operations Department in ensuring that corporate business goals are consistently achieved at the lowest cost to ratepayers, while achieving the highest possible standards in accordance with common utility practices.

Priorities (2014-2015)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
  Status: *The Iqaluit fuel pipe remediation project has been completed. Project planning is underway for Rankin Inlet and Whale Cove.*

- Continue with power plant replacement/infrastructure renewal program for Cape Dorset, Qikiqtarjuaq and Taloyoak.
  Status: *The sub-structure and building structure has been brought to Substantial Completion for Qikiqtarjuaq and Taloyoak. Final Completion for the punch list / civil works is anticipated to be completed in early spring 2015. Cape Dorset project is delayed due to land issues.*
- Develop and implement a mentoring/development program for Engineers-in-Training.
  Status: *There are currently four Engineers-in-Training (EIT) that are progressing towards their professional status. Of the four, one is a beneficiary electrical engineer that should obtain a professional electrical engineer certification within early 2015. The engineering department hired a casual employee, a 2nd year Mechanical Engineering beneficiary student for the summer of 2014.*
- Engineering Project Management: Guidelines and policy require updating.
  Status: *Continued progress has been made to revise current project management policies & procedures, provide departmental training and to improve the quality of project delivery.*
- Review of Engineering Document Management System
  Status: *The review of the document management system is on-going.*
- Review Departmental Structure and update Job Descriptions
  Status: *The review of the Departmental Structure is on-going as new positions that would improve project delivery have been examined and discussed. Job descriptions have been updated and provided by Human Resources.*
- Complete of the Iqaluit Plant Expansion.
  Status: *The Final Completion Certificate for Phase 1 and Phase 2 of the Iqaluit Main Power Plant project has been completed.*
- Complete the power plant building structure for the new power plant construction for Qikiqtarjuaq and Taloyoak.
  Status: *It is anticipated that the seasonal deficiencies to the Building structure will be completed in the summer of 2015.*
- Pending successful acquisition of land, initiate design and construction of new Cape Dorset Power Plant.
  Status: *The Hamlet of Cape Dorset is currently in discussion concerning the power plant land acquisition. After resolution, further engineering study and design can take place.*
- Work with Hamlets and GN on identifying land for construction of new power plants in each community.
  Status: *The work for identifying land will occur when the application for a Major Project Permit for a particular power plant is being prepared.*
- Undertake a Supervisory Control and Data Acquisition (SCADA) study and implementation in Kitikmeot and Kivalliq Regions
  Status: *Progress has been made within the Kitikmeot Region for the completion of the SCADA system. With the exception of the Iqaluit power plant, there has been no progress within Kivalliq and Qikiqtaaluk Regions for the installation and expansion of the SCADA system.*
- Continue with further updating and developing of corporate engineering standards.

Status: *On-going.*

- Investigate the utilization of Smart and Automatic Meter Reading infrastructure for the other communities in Nunavut.
  Status: *The SMART Meter system is being rolled out in Iqaluit. The new meters should be installed by the spring of 2015. Planning for Smart Meters within other communities is ongoing.*
- In conjunction with other QEC departments, develop a long term capital planning document (40-year horizon) identifying major capital projects.
  Status: *A collaborative review of priority projects with H&S, Environmental, Maintenance & Operations has taken place. This exercise has provided guidance for the generation / commencement of a long term plan for capital projects. The work for the document is ongoing.*
- Complete Phase III of the Iqaluit Plant Expansion.
  Status: *The installation of the fire pump system was not completed as a legal agreement has not been reached between the City of Iqaluit and QEC. Installation of the fire pump system is required on the City of Iqaluit property adjacent to the water reservoir building.*
- Design new power plant in Grise Fiord; initiate design for Gjoa Haven
  Status: *The design concept for the Grise Fiord power plant is currently under review and it is anticipated that the design will commence with engineering consultants within 2015. A Condition Assessment and Options Analysis Study is required to be completed for the Gjoa Haven power plant which will provide an options analysis complete with cost estimates for any potential required changes.*
- Complete Distribution upgrade and voltage conversion of the Grise Fiord system.
  Status: *The distribution system has been partially completed. It is anticipated that the remaining portion of the distribution system will be completed in the summer of 2015.*
- Identify power plant replacement priorities for the next 5-Year Capital Plan.
  Status: *An analysis has been completed that identifies power plant replacement priorities for the next five years. Additional discussion is required; the review is on-going.*
- Finalize AMI Program with all systems being in service.
  Status: *The AMI Smart Grid System has been rolled out in Iqaluit. Smart meter installations should be completed by the spring of 2015, the remaining portion of the system, for example, system management configuration is anticipated to be completed later in 2015.*
- Undertake SCADA study and implementation in Qikiqtaaluk Region.
  Status: *No progress has been made in the Qikiqtaaluk Region.*
- Initiate the development of the 40 Year QEC Capital Planning process.

  Status: *On-going.*

Priorities (2015-2016)

- In collaboration with Health, Safety, and Environment, continue to remove single-walled underground piping that ties into QEC's fuel system. Rankin Inlet and Whale Cove are targeted for fuel pipe remediation.

- Continue power plant replacement program. It is anticipated that the final phase (mechanical / electrical / Commissioning) for Taloyoak and Qikiqtarjuaq power plants will be tendered and completed by late 2015.
- Undertake SCADA design and implementation in the Qikiqtaaluk Region. It is anticipated that work associated with the implementation of a SCADA system within the Kivalliq and the Baffin Regions will be completed in 2016.
- Further discussion / analysis is necessary concerning the Cambridge Bay Power Plant. A Conditional Assessment Report was completed in 2014 which outlines options for plant expansion and for the construction of a new power plant. The plant capacity must be increased to meet the needs of the CHARS facility.
- The engineering department is anticipating that a 2nd year Mechanical Engineering beneficiary student will continue to work within the engineering department. The student will continue to develop his engineering experiences and continue the development of engineering standards.
- Conduct a system/plant condition assessment for the Gjoa Haven power plant.
- Complete the distribution upgrade in 2015 and tender the power plant design for Grise Fiord.
- Continue the development of a draft to 40 Year QEC Capital Planning document.
- Implementation of distribution system for Repulse Bay, Whale Cove, Grise Fiord, Taloyoak, Qikiqtarjuaq, Resolute Bay. Commencement of design, procurement will take place for Coral Harbour, Cambridge Bay, and Igloolik.
- Supply, installation, commissioning of an emergency generator in Clyde River.
- The genset replacement program will continue with implementation anticipated within Sanikiluaq, Clyde River and Kimmirut. It is anticipated that genset replacement designs will be commenced for Cambridge Bay, Gjoa Haven, and Hall Beach.
- The Energy Management Group (EMG) within the engineering department is venturing on two major objectives. The first is directed at exploring opportunities for energy savings and the second is directed at exploring Alternative / Renewable energy for the Arctic Environment within Nunavut.
- The EMG will coordinate with different federal agencies for implementing demonstrative projects.
- A solar panel installation complete with the integration into the Iqaluit electrical grid will be targeted, i.e. a Demonstration Project.
- An energy saving demonstration project (indoor and outdoor lighting) will be implemented in Iqaluit.
- The EMG will be upgrading the existing District Heating System (DHS) in Iqaluit. This will include; software, hardware control logics and programming.
- The Pangnirtung DHS control system will be upgraded.

Priorities (2016-2017)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Continue the development of engineering standards.
- Residual Heat System implementation (detail engineering design and tender) for selected communities.
- The EMG will be upgrading DHS in a number of communities as an ongoing process. This upgrade includes software, hardware, control logics and programming.
- An upgrade of the DHS Energy Metering System will be targeted.
- Procurement of the Emergency Unit for Repulse Bay.
- Commencement and planning for new power plants based on priorities.
- Continue to develop the draft 40 Year QEC Capital Planning document.
- Continuation of the genset replacement program,

Priorities (2017-2018)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Continue power plant replacement program
- Conduct system/plant condition assessments to support the 40 year capital plan.
- Continue the development of engineering standards.
- Investigate a DHS for Baker Lake.

Priorities (2018-2019)

- Commencement and planning for new power plants based on priorities.
- DHS implementation (detail engineering design and tender) in selected communities.
- Replace identified gensets based on end of life, life cycle cost and system demand.

Priorities (2019-2020)

- In collaboration with Health, Safety and Environment, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Continue power plant replacement program
- Conduct system/plant condition assessments to support the 40 year capital plan.

- Continue with the genset replacement program.
- Investigate the implementation of District Heating Systems for other potential power plants and communities.
- Replace identified gensets based on end of life, life cycle cost and system demand.

4.4 Finance

The Finance Department is located in Baker Lake, with regional offices in Cambridge Bay, Iqaluit and Rankin Inlet. Key Functions of Finance are: Finance (Financial Accounting and Reporting, Budgeting, Planning and Analysis, Regulatory Affairs); Supply Chain Management (Logistics, Procurement, Inventory Control, Warehousing); Customer Care (Billing, Collections, Customer Service); and Payroll, Benefits and Pensions. Finance is viewed by the Corporation as a critical department requiring significant effort and resources to meet its corporate service requirements. Its priorities focus on making the Finance department more efficient and effective as it strives to improve functional and governance requirements and services.

Priorities (2014-2015)

- In collaboration with Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs.
  Status: *Completed the implementation of the Paramount Workplace Requisition system (a formal purchasing and approval system). The smart grid installation in Iqaluit is scheduled for full implementation in March 2015. A new management financial reporting system is in the implementation stage and scheduled to be completed for the fiscal year ending March 2015.*
- Enhance the Customer Care plan to improve customer service.
  Status: *Initiatives have been rolled out as planned. A customer care survey is in the RFP (request for proposal) stage to vendors. The results of this survey will set the benchmark for future measuring of our customer service level.*
- Reduce territorial collection cycle from three months to one month.
  Status: *The territorial collection cycle has been reduced in July/August 2014 from three months to one month. This has been strengthened by reducing the due dates from 60 days to 30 days, effective for January 2015 billings, and timely notification of arrears issues including more aggressive follow ups for commercial and large customers.*
- Assess and improve existing sealift procedures.
  Status: *Discussions have commenced in December 2014/January 2015 with Operations and Engineering Departments to adopt a practicable sealift process for this upcoming sealift season.*
- Assess and improve existing contracting and procurement procedures.
  Status: *Training for procurement staff on contracting and procurement was conducted by our in-house Legal Counsel, who was involved in the development of the GN Contracting Manual, in October 2014.*

- Develop a robust budget model to provide transparency in variance reporting and to improve budget preparation process.
  Status: *Current budget models are very transparent to the end users. A new management financial reporting system is in the implementation stage by Finance and IT staff. This new reporting system scheduled be to be completed in March 2015 will assist budget holders with their variance reporting as it provides a seamless interface with QEC's accounting records.*
- Assess and improve asset management for inventory and capital assets.
  Status: *Inventory counts were carried out in all locations by both Finance and Operations Departments in the summer of 2014 to update and correct inventory records. The auditors from the Office of the Auditor General of Canada were also involved in the physical counts in QEC's regional offices. From the updated records, perpetual inventory counts will be adopted as it is less costly and workable compared to a one-time year end count due to northern weather, high cost of travelling, and limited staff resources.*
- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
  Status: *QEC's CIBC credit agreement was renewed in May 2014. The successful renewal provided capital funding for the fiscal year ending March 2015. The month-end balances of PPD (GN's Petroleum Products Division) have been approximately $10M lower than the previous year since Jan/Feb 2014. A 7.1% increase in hydro rates effective May 1 2014 will also help to pay down the balances of PPD.*
- Identify resource needs in anticipation of increased governance reporting.
  Status: *RFDs (request for decisions) have been prepared for the President/CEO's approval and for the Board's approval requesting for new and revised job positions in October/November 2014. These have been put on hold until the Director of HR and Organizational Development is filled and all position requests will be reviewed on the corporation level in line with the O&M budget.*

Priorities (2015-2016)

- In collaboration with the Information Technology Department, review the current enterprise reporting system (ERP) to meet present and future needs of all departments.
- Continue with the Customer Care plan to improve customer service.
- In collaboration with the Engineering Department, conduct a territory wide audit of commercial meters to ensure correct billings.
- In collaboration with the Engineering and Operations Departments, develop a feasible system for inventory control, procurement and sealift processes.
- Anticipate and optimize financing options to support QEC's Capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
- In collaboration with HR and Organizational Development Department, formulate a succession plan for Board's approval with the objective to place Inuit employees in supervisory and management positions.

- Conduct a depreciation study to examine the appropriateness of asset depreciation rates.
- Procedures on contracting, purchasing and leasing will be analyzed and completed with the mapping of the improved procedures.

Priorities (2016-2017)

- Through the General Rate Application process, establish the appropriate rate to cover costs associated with operating the utility and providing for capital infrastructure expenditures.
- Based on the results of the ERP review in prior year, in collaboration with other QEC departments, develop cost estimates and a timetable for implementation of a new ERP system, obtain Board approval for the changes and budget approval for the capital costs. The implementation process will span over two fiscal years: 2016/2017 and 2017/2018.
- Perform a Phase II of the General Rate Application that provides several Cost of Service study options and establish the appropriate rate classes.
- Conduct a follow up customer care survey to measure improvements resulting from the roll out of the Customer Care plan.
- Review and report on the results of changes made to the inventory control, procurement and sealift processes to ensure goals are being met.
- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.

Priorities (2017-2018)

- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
- In collaboration with all QEC departments, complete the implementation of new ERP system
- Review Finance's organizational structure and recommend any changes required to line up with the new ERP system.

Priorities (2018-2019)

- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit.
- Upon completion of the implementation of the new ERP system, perform follow up reviews to ensure all objectives were met and recommend modifications if needed.

Priorities (2019-2020)

- Work with IT department to assess feasibility of digitalizing all finance documents to reduce paper handling/filing and improve transfers of information between departments.
- Anticipate and optimize financing options to support QEC's capital infrastructure and bulk fuel purchases within the Corporation's borrowing limit

- Review the sealift, inventory control, purchasing and contracting processes to ensure current processes are effective, efficient and follow best practices.

4.5 Health, Safety and Environment

The Health, Safety and Environment Department is responsible for the overall administration of the Corporation's environment and safety management practices. This includes ensuring the utility operates in an environmentally conscious and responsible manner; responding to and coordinating the clean-up of any environmental incidents; ensuring all employees understand their rights and responsibilities on issues that have an impact on their occupational health and safety; establishing a functioning safety program; providing occupational health and safety training to all employees; and reviewing all applicable federal and territorial acts/regulations and ensuring the Corporation is in compliance with those acts and regulations.

Priorities (2014-2015)

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
  Status: *Completed, Four Environmental Delineation Studies were completed at QEC power plant sites in the communities of Arctic Bay, Resolute Bay, Grise Fiord and Baker Lake (old plant site).*
- Roll out of new Work Protection Code to Operations staff anticipated to occur during Operations training in May 2014.
  Status: *Completed, The final training sessions for QEC's operations staff occurred during QEC's annual training in May and the final training sessions for the maintenance staff occurred in June. The system was finally rolled the out access the Territory on July 1st, 2014.*
- Continue to develop a waste oil reduction/recycling plan.
  Status: *Delayed, The waste oil reduction/recycling plan has been delayed due to other priorities taking precedence. QEC is currently in the final draft stages of the plan. However, certain components of the recycling plan have already been implemented in 6 communities.*
- In collaboration with Engineering, remove all single-walled underground piping that ties into QEC's fuel system in Iqaluit and replace with either double-walled underground piping or aboveground piping.
  Status: *Completed, The section of single walled underground fuel piping that was ordered to be replaced by Environment Canada with double-walled underground piping has been completed. The physical work took place between November 7th – November 30th. QEC received the completion report from Environment Canada on December 23rd, 2014 stating that "QEC is now in compliance with the Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations made under the authority of the Canadian Environmental Protection Act, 1999" for its Iqaluit operations.*

- Complete and roll-out a new QEC Safety Rule book for employees and contractors.
  Status: *Delayed, The Safety Rule Book was completed and sent for translations in November 2014. Due to a backlog of translation requesst, the rule book will not be sent for printing until the 2nd quarter of 2015, delaying its release until mid-2015.*
- Continue to develop safe work practices and standard operating procedures for QEC employees and contractures.
  Status: *Ongoing, Safe work practices and standard operating procedures for QEC employees and contractors were developed and rolled-out as per the COR (Certificate of Recognition) audit plan.*
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.
  Status: *Delayed, QEC is currently working on the decommissioning plans for Taloyoak and Qikiqtarjuaq as they are the 2 plants being replaced. Once these 2 have been completed QEC will then use this template for others.*

Priorities (2015-2016)

- In collaboration with Engineering, remove all single-walled underground piping that ties into QEC's fuel system in Rankin Inlet and Whale Cove and replace with either double-walled underground piping or aboveground piping.
- Successfully complete the External Audit of the Certificate Of Recognition (COR) to maintain QEC's accreditation from the Northern Safety Association.
- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
- Develop an interactive online employee orientation program for new employees.
- Complete Safety and Environmental inspections at all QEC power plants and identify items that require corrective action.
- Complete a soil sampling program at all QEC power plant facilities.
- Continue to develop a waste oil reduction/recycling plan.
- Complete and roll-out a new QEC Safety Rule book for employees and contractors.
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.
- Continue to develop safe work practices and standard operating procedures for QEC employees and contractures.

Priorities (2016-2017)

- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
- Successfully complete the Internal Audit of the Certificate Of Recognition (COR) to maintain QEC's accreditation from the Northern Safety Association
- Develop decommissioning plans for on-site infrastructure such as power plants, pipelines, fuel tanks, etc.

Priorities (2017-2018)

- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.
- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.

Priorities (2018-2019)

- Complete three Environment Delineation Studies (Phase I, II & III) at QEC power plant properties throughout Nunavut. Communities are determined according to the assessment priority list.
- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.

Priorities (2019-2020)

- In collaboration with Engineering, remove single-walled underground piping that ties into QEC's fuel system in selected communities and replace with either double-walled underground piping or aboveground piping.

4.6 Human Resources and Organizational Development

The Human Resources and Organizational Development Department provides expertise and support to all QEC departments. This includes designing and implementing progressive human resources and organizational development plans that will enhance overall corporate capacity, compliance with Article 23 of the *Nunavut Land Claims Agreement*, and positioning the Corporation to successfully meet the changing demands of its business. Human Resources and Organizational Development also plays a leadership role in ensuring that all of the Corporation's human resources and organization

development plans are carried out in accordance with applicable legislation, QEC policies, and applicable collective agreements.

Priorities (2014-2015)

- Work towards 59% Inuit employment as per the IEP Strategic Plan, 2014-16.
  Status: *Currently at 56% (September 2014) and will continue to build on QEC's IEP (see Page 10) once QEC has increased its capacity in Human Resources (HR).*
- Review and assess Strategic Human Resources and Organizational Development goals. Implement and change Human Resources strategies and processes as required to meet the changing business needs of QEC.
  Status: *Ongoing. Focus is service to QEC;s internal customers, and re-building the HR team. Recruitment process has begun to hire an HR Manager based in Iqaluit to better meet QEC's business needs. Baker Lake is recruiting for a Director of HROD, a HR Generalist and reposting for an IEP Intern. Other positions to be re-evaluated once the foundation of the team is in place.*
- Build partnerships with the GN in an effort to better align ourselves with their Human Resources practices.
  Status: *Ongoing, Have shared best practices. Working together on Learning & Development initiatives including the GN's upcoming Mentorship Program.*
- Deliver relevant corporate training programs to enhance performance capacity.
  Status: *Communication training completed May 2014.*

Priorities (2015-2016)

- Work towards 60% Inuit employment.
- Conduct a needs analysis for the corporate training program.
- Analyze and assess the priorities from 2014-2015 for lessons learned. Establish solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.
- Development and review of QEC's Departmental Succession Plans for all departments.
- Rebuild the Human Resources and Organizational Development team and its capacity
- Provide excellence in customer service and support in the areas of Employee and Labour Relations
- Build partnerships with the GN in an effort to better align QEC with GN Human Resources practices.

Priorities (2016-2017)

- Work towards 61% Inuit employment.
- Analyze, assess the priorities from 2015-2016 that met with obstacles in achievement.

- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

Priorities (2017-2018)

- Work towards 62% Inuit employment.
- Analyze, assess the priorities from 2016-2017 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

Priorities (2018-2019)

- Work towards growing Inuit employment and continue to update and evaluate the plan as necessary.
- Analyze, assess the priorities from 2017-2018 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

Priorities (2019-2020)

- Work towards growing Inuit employment and continue to update and evaluate the plan as necessary.
- Analyze, assess the priorities from 2018-2019 that met with obstacles in achievement.
- Enhance solution-based partnerships with internal clients to design mutually agreed upon action-plans that move to overcome roadblocks, or, to alter strategic direction of goal to make achievement of priority more accessible.

4.7 Information Technology

The Information Technology Department provides support to other corporate departments through a series of services that include data communications, enterprise applications, application development, integrated computer systems and technology assistance and support. The goal of the department is to enable QEC to achieve its business objectives through the use of Information Technology.

Priorities (2014-2015)

- Upgrade community power plant Information Technology infrastructure and services.
  Status: *Completed.*
- Finalize and implement disaster recovery planning and policies.

Status: *Ongoing and expected to carry over into 2015/2016.*

- Re-evaluate core financial software system.
  Status: *On hold due to capacity issues.*
- Implement satellite communications optimizations.
  Status: *Under review.*
- Review Information Technology department strategic goals.
  Status: *Anticipate completion by March 31st 2015.*
- Collaborate with Operations to develop and implement more efficient meter reading methods (Automatic Meter Reads, bi-monthly billing, etc.).
  Status: *Anticipate completion by March 31st 2015.*
- Collaborate with Operations on SCADA implementation.
  Status: *Completed for first phase of SCADA implementation (Kitikmeot and Iqaluit).*
- Collaborate with Finance on E-billing implementation.
  Status: *On hold due to capacity issues.*

Priorities (2015-2016)

- Continue Document/Records management implementation.
- Investigate ERP options.
- Re-evaluate core financial software system.
- Collaborate with Finance on E-billing implementation.
- Finalize and implement disaster recovery planning and policies.
- Develop self-study employee training resources for all Information Technology systems.
- Continue development of a representative workforce.
- Implement satellite communications optimizations.

Priorities (2016-2017)

- Upgrade core Information Technology infrastructure.
- Evaluate bringing new power plants into core satellite network.
- Develop self-study employee training resources for all Information Technology systems.
- Continue development of a representative workforce.

Priorities (2017-2018)

- Assess needs of client departments.
- Begin the evaluation of ITSM (Information Technology Service Management) frameworks and standards.
- Continue development of a representative workforce.

Priorities (2018-2019)

- Review all Information Technology systems.
- Continue development of a representative workforce.

Priorities (2019-2020)

- Review all Information Technology policies and procedures.
- Continue development of a representative workforce.

4.8 Operations

The Operations Department is tasked with the mandate of generating and distributing safe, reliable electric energy in all Nunavut communities. Each community has its own generating plant staffed by employees who live in the community. Local staff is supported by electrical, mechanical and line trades staff based in the regional centers of Cambridge Bay, Iqaluit and Rankin Inlet.

Operations supports and partners with Engineering to ensure that corporate business goals are consistently achieved at the lowest cost while achieving the highest possible standards.

Priorities (2014-2015)

- Train Iqaluit electricians in breaker/substation maintenance for 25kV.
  Status: *Completed in October 2014.*
- Continue implementation of a maintenance management system to assist in resource planning and forecasting.
  Status: *The Operations maintenance team is continuing this implementation. This will be ongoing through 2015.*
- Continue updating skills/abilities of Technologists, Electricians and Linemen to ensure timely and effective maintenance of new 25kV distribution system and substation through MEARIE / IHSA.
  Status: *Annual training was completed.*
- Provide trades apprentices with meaningful and effective instruction to assist in their development to graduate apprentices to the 3rd level; one apprentice will achieve Journeyman status in this time.
  Status: *There are 3 of the original 18 apprentices in their programs. There is one electrician and one mechanic at 4th level and one mechanic at 3rd year level. It is anticipated that all apprentices will achieve Journeyman status by March 31, 2015.*
- Continue working with Human Resources to develop a module based Plant Superintendent, Plant Operator and Assistant Operator training.
  Status: *Module based Operator training will be developed by the two Operation's trainers. They have completed the module for Sanikiluaq. It is anticipated the trainers will complete modules for*

Rankin Inlet and Chesterfield Inlet by March 31, 2015. All other outstanding modules will be ongoing.

- Collaborate with Finance and Engineering to develop and implement more efficient meter reading methods (Automatic Meter Reads, bi-monthly billing, etc.).
  Status: *The SMART metering project is under way in Iqaluit. It is anticipated that all SMART meters will be installed in Iqaluit by March 31, 2015. Equal billing is moving forward as an option for customers. Bi-monthly billing is being investigated by Finance to determine if capable on Great Plains software.*
- Collaborate with Information Technology to develop automatic month end reports with Key Performance Indicators (KPI) for generation and distribution data.
  Status: *Not required. This will be accomplished when the SCADA phases are complete. (Supervisory Control and Data Acquisition)*
- Design SCADA system, procure hardware/software and install in 5 Kitikmeot and 7 Kivalliq power plants.
  Status: *This engineering project lost some momentum due to turn over of staff. Phase one is close to completion and it is anticipated that phase one will be complete by March 31, 2015. Phase one includes complete design and install in four Kitikmeot plants and Iqaluit.*
- Continue to evaluate emergency generation and preparedness procedures.
  Status: *Procedures are reviewed on an annual basis with Engineering and HS&E.*
- Design SCADA system, procure hardware/software and install in 13 Qikiqtaaluk power plants.
  Status: *Design is complete and master terminal installed in Iqaluit. Phase 3 (Qikiqtaaluk) is future planned.*
- Tie regional SCADA and CMMS systems together for recording/transferring data to a common server/database.
  Status: *A common database historian is installed in Iqaluit in the master terminal unit.*

Priorities (2015-2016)

- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Continue implementation of a maintenance management system to assist in resource planning and forecasting.
- Continue to develop module based Plant Operator training.
- Clean and inspect vertical bulk fuel tanks in Rankin Inlet and Cambridge Bay.
- Plant specific live line lockout reviews at all plants.
- Test a solution to run the Whale Cove plant in automatic.
- Annual tradesman training.
- Annual crane inspection at all plants.
- Annual fire alarm inspection in all required buildings.
- Annual boom truck inspection.

- Switch gear breaker maintenance.
- Feeder riser maintenance in Kitikmeot and Kivalliq regions.
- Hall Beach wiring maintenance – point to point checks.

Priorities (2016-2017)

- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- SCADA system phase 2, collaborate with engineering to procure hardware/software and install in 1 Kitikmeot and 7 Kivalliq power plants.
- Continue to develop module based Plant Operator training.
- Annual tradesman training.
- Annual crane inspection at all plants.
- Annual fire alarm inspection in all required buildings.
- Annual boom truck inspection.
- Switch gear breaker maintenance.
- Plant Operator training in the new Qikiqtarjuaq plant
- Plant Operator training in the new Taloyoak plant.
- Clean and inspect vertical bulk fuel tank in Clyde River.

Priorities (2017-2018)

- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- SCADA system phase 3, collaborate with engineering to procure hardware/software and install in 13 Qikiqtaaluk power plants.
- Annual tradesman training.
- Annual crane inspection at all plants.
- Annual fire alarm inspection in all required buildings.
- Annual boom truck inspection.
- Switch gear breaker maintenance.
- Clean and inspect vertical bulk fuel tank in Iqaluit.

Priorities (2018-2019)

- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Annual tradesman training.
- Annual crane inspection at all plants.
- Annual fire alarm inspection in all required buildings.

- Annual boom truck inspection.
- Switch gear breaker maintenance.

Priorities (2019-2020)

- Collaborate with Engineering to continue power plant replacement program.
- Collaborate with Engineering, Information Technology, Finance and Federal government to investigate additional Smart Metering projects.
- Annual tradesman training.
- Annual crane inspection at all plants.
- Annual fire alarm inspection in all required buildings.
- Annual boom truck inspection.
- Switch gear breaker maintenance.

5.0 Conclusion

QEC is committed to ensuring that we provide safe, reliable, sustainable and economic energy supply and service in Nunavut. We recognize the need to reduce our dependence on fossil fuel and are actively seeking ways to enhance our operation practices. We continue to expand and enhance the ways in which we communicate with our communities and examine methods to improve the interaction with our customers.

We look forward to strengthening our workforce through training and development of local representatives. Ensuring that Inuit Qaujimajatuqangit approaches are incorporated into day-to-day operations is key to having a positive and representative workforce. It is through strong leadership; transparency and diligent oversight that we will ensure our goals and priorities are achieved.

David Omilgoitok

Chair, Qulliq Energy Corporation

Appendix A – 2015-16 Capital Plan

Line No.	Capital Budget 2015-16			Budget
	Region	Community	Description	2015/16
1	Kitikmeot	Cambridge Bay	G3 replace & upgrade due to hrs @ 100k	1,619,000
2			Distribution upgrade tower site	199,000
3			Double Bucket Boom Truck (RBD)-Used	230,000
4		Gjoa Haven	Genset Upgrade - G1	1,864,000
5		Taloyoak	Plant Replacement	3,927,000
6		Kugluktuk	Upgrade Fuel Tanks	225,000
			Subtotal - Kitikmeot Region	**8,064,000**
7	Kivalliq	Rankin Inlet	Upgrade fuel supply line (to meet regulation)	1,350,000
8		Arviat	Replace 3 fuel tanks & remove berm - Enviro	355,000
9			Vehicle Replacement	52,000
10		Coral Harbour	Airport Feeder Rebuild & Conversion	46,000
11			Vehicle Replacement	52,000
12		Whale Cove	Airport Feeder Replacement	839,000
13			Upgrade fuel supply line (to meet regulation)	150,000
14		Repulse Bay	G2 Switchgear Repair	393,000
			Subtotal - Kivalliq Region	**3,237,000**
15	Qikiqtaaluk	Iqaluit	AMI / SMART GRID	430,000
16			Cherry Picker Boom truck	164,000
17			Bulk Fuel Tank Upgrade	100,000
18			Main Plant Fire Pump	509,000
19			Fuel Room Upgrade Main Plant	225,000
20			Safety Wall Main Plant	59,000
21		Cape Dorset	New Power Plant Design / Build	100,000
22		Resolute Bay	Feeder Conversion	1,337,000
23			Fuel Storage Upgrade	387,000
24		Pond Inlet	Fuel Storage Upgrade	277,000
25			Quonset Type Garage / Warehouse	48,000
26			Substation upgrade	313,000
27		Hall Beach	Genset Capacity Increase G4	1,024,000
28			Quonset Type Garage / Warehouse	50,000
29			Transient Trailer	45,000
30		Qikiqtarjuaq	Plant Replacement	4,936,000
31			Quonset Type Garage / Warehouse	92,000
32		Kimmirut	Genset G1 Replacement	1,188,000
33		Clyde River	Capacity increase G2 to 3512	832,000
34			Emergency Unit	1,343,000
35		Grise Fiord	New Power Plant - design and build	422,000

36			Distribution System Upgrade	374,000
37			Transient Unit	45,000
38		Sanikiluaq	Distribution Upgrade	302,000
39			Engine Replacement G1	843,000
Subtotal - Qikiqtaaluk Region				**15,445,000**
40		Corporate/ Nunavut	CMMS - (Computerize Maintenance Management System)	123,000
41			Unidentified Capital Projects & 2016/17 Project Preparation	1,000,000
Subtotal - Corporate/Nunavut				**1,123,000**
Total				**27,869,000**

Appendix B – 2015-2016 Operations & Maintenance Budget

Qulliq Energy Corporation
2015-2016 Budget
Summary Report

TOTAL REVENUE	**137,548,000**
Fuel & Lubricants	56,505,000
GROSS MARGIN	**81,043,000**
Compensation and Benefits	33,979,000
Supplies & Services	25,329,000
Travel & Accommodation	5,373,000
TOTAL OPERATING EXPENSES	**64,681,000**
EBIA	**16,362,000**
Amortization & Interest	13,654,000
NET INCOME	**2,708,000**

Appendix "C"

Qulliq Energy Corporation December 31, 2014

Employment Summary, by catergory:

	Total Positions				Beneficaries	
	Total Positions	Vacanices	Filled	% Capacity	Hired	% IEP
Executive	2	0	2	100%	1	50%
Senior Management	7	0	7	100%	0	0%
Middle Management	20	4	16	80%	1	6%
Professional	73	15	58	79%	14	24%
Paraprofessional	42	2	40	95%	33	83%
Administrative Support	64	10	54	84%	52	96%
Total Department	**208**	**31**	**177**	**85%**	**101**	**57%**

Employment Summary, by Community:

Arctic Bay	200	2	0	2	100%	2	100%
Qikiqtarjuaq	205	2	1	1	50%	1	100%
Cape Dorset	210	2	0	2	100%	2	100%
Clyde River	215	2	0	2	100%	2	100%
Grise Fiord	220	2	0	2	100%	2	100%
Hall Beach	225	2	0	2	100%	2	100%
Igloolik	230	2	0	2	100%	2	100%
Iqaluit	235	88	14	74	84%	24	32%
Kimmirut	240	2	0	2	100%	1	50%
Nanisivik	245	0	0	0	0%	0	0%
Pangirtung	250	2	1	1	50%	1	100%
Pond Inlet	255	2	0	2	100%	2	100%
Resolute Bay	260	3	0	3	100%	3	100%
Sanikiluaq	265	2	0	2	100%	2	100%
Arviat	300	2	0	2	100%	2	100%
Baker Lake	305	43	8	35	81%	20	57%
Chesterfield Inlet	310	2	1	1	50%	1	100%
Coral Harbor	315	2	0	2	100%	2	100%
Rankin Inlet	320	21	5	16	76%	13	81%
Repulse Bay	325	2	0	2	100%	2	100%
Whale Cove	330	2	0	2	100%	2	100%
Bathurst Inlet	400	0	0	0	0%	0	0%
Umingmakotok	405	0	0	0	0%	0	0%
Cambridge Bay	410	13	1	12	92%	5	42%
Gjoa Haven	415	2	0	2	100%	2	100%
Kugluktuk	420	2	0	2	100%	2	100%
Kugaaruk	425	2	0	2	100%	2	100%
Taloyoak	430	2	0	2	100%	2	100%
Yellowknife	505	0	0	0	0%	0	0%
Ottawa	605	0	0	0	0%	0	0%
Winnipeg	602	0	0	0	0%	0	0%
Churchill	601	0	0	0	0%	0	0%
Total Other		**0**	**0**	**0**	**0%**	**0**	**0%**
Total Community		**208**	**31**	**177**	**85%**	**101**	**57%**

Employment summary, by Headquarters & Region

Headquarters	43	6	37	86%	3	8%
Regions	165	25	140	85%	98	70%
Total	**208**	**31**	**177**	**85%**	**101**	**57%**