

which is currently controlled by International Utilities Corporation. As of January, 1969, the Yukon Electrical Company distributed power to 2,642 of the Yukon's 3,000 domestic customers, and to 741 of the 925 commercial and industrial consumers. Gross commercial power generation in the Yukon in 1968 amounted to about 103 million kilowatt hours, 90 per cent of which was generated by the Northern Canada Power Commission. The Yukon Electric Company Ltd. registered sales of 55 million kilowatt hours in 1968, of which 46 million kilowatt hours were purchased from the NCPC at wholesale rates for subsequent distribution.

In the Northwest Territories, Plains Western Gas and Electric Company Ltd. distributes NCPC-generated power in Yellowknife under a franchise granted by the city of Yellowknife. The company has no generation or transmission facilities of its own. Northland Utilities Ltd., also controlled by International Utilities Ltd., operates generating and distribution facilities in three communities in the Northwest Territories—Hay River, Fort Providence and Enterprise. Northland Utilities Ltd. accounts for approximately 6 per cent of the territories' commercial electricity production. As in the Yukon, the bulk of commercial generating capacity in the Northwest Territories is currently being supplied by the Northern Canada Power Commission.

The act we are considering today, Mr. Speaker, was last amended in 1956. It is being amended at this time so that the commission can adopt a more flexible approach in meeting northern needs and in planning future long-term power development in both territories. The proposed amendments are as follows—: One, to increase the number of commission members by two. Two, to change the amount of the investigation or studies' fund from \$50,000 to \$250,000. Three, to allow the commission to set regional rates rather than to charge on the basis of individual plants costs. Four, to allow the commission to defer repayments of principal and interest where new capacity is in excess of immediate demands. Five, to eliminate the requirement that the commission obtain governor in council approval to undertake any project or enter into any contract in excess of \$50,000.

The first amendment deals with commission membership. At the present time the commission consists of a chairman and two members appointed during pleasure by the governor in council on recommendation of the Minister of Indian Affairs and Northern Development. Appointments have traditionally been made from within the public service. There is a continuing requirement for close liaison and co-ordination with the Department of Indian Affairs and Northern Development, as well as with other departments, particularly the Department of Finance and the Department of Energy, Mines and Resources. Therefore, I believe that this practice should continue in the foreseeable future for those three members.

The minister had stated on several occasions that there is a need to involve northern residents to the fullest extent in the developments that are now taking place and will continue to take place on a steadily increasing scale in the years ahead. It is proposed at this time to increase

Northern Canada Power Commission Act

the membership from three to five in order to provide for appointment of a member from each of the northern territories. These appointments will be made on the recommendation of the commissioner in council of each territory. They will allow the commission to benefit from the local knowledge which such members will bring to it. In this way the commission will be more closely related to the territorial councils and will be more readily responsive to the requirements of the residents of the Yukon and Northwest Territories. I believe this to be of the greatest importance at this time in the development of northern Canada.

The second amendment is with regard to advances for investigations. Section 14(1) of the act now provides \$50,000 as a fund for the purpose of meeting expenditures incurred by the commission in carrying out engineering and other studies in accordance with section 13 of the act. This amount is being increased to \$250,000 to permit studies and investigations more in keeping with the growing scale of development projects in both territories.

• (3:10 p.m.)

The Northern Canada Power Commission, under the present terms of the act, is bound to set rates which will ensure that individual plants in each locality, no matter how small, are operated on a self-sustaining basis. Consequently, rates changed by the commission for utilities supplied must provide sufficient revenue to cover all costs attributed by the commission to that plant, including interest on investment, repayment of principal over a period of years, operating and maintenance expenses and a contingency reserve.

This rate structure is too restrictive in light of the present and future size of the commission's operations. The proposed amendment would allow more flexibility in setting rates. Most provincial utilities already enjoy some similar measure of flexibility. Rather than operating each plant on a self-sustaining basis, the commission would in future be allowed to base its rates on regional costs and to work toward some measure of rate equalization where this is felt to be desirable. Thus, the commission would be permitted to take regional differences into account, to consider the system's energy links and to preserve equity in establishing rates within natural areas and power grid zones.

It is a well-known fact that transmission lines and grids have no territorial boundaries. It is essential for the orderly development of the north that administrative boundaries do not prevent efficient and sensible steps being taken to help both territories. By encouraging the interchange of electricity the commission can take full advantage of economies of scale within the north's three major economic regions—the Yukon, the Mackenzie and the eastern high Arctic. Also, there is and most likely will always be a mutual benefit to both territories by reason of electrical interconnection between the two. A power plant in the Yukon may be generating energy which is consumed in the Northwest Territories and, conceivably, in the adjacent provinces to the south.