

NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD

IN THE MATTER OF the *Public Utilities Act*, R.S.N.W.T. 1988,
c. 24 (Supp.), as amended;

AND IN THE MATTER OF the *Northwest Territories Power
Corporation Act*, R.S.N.W.T. 1988, c. N-2, as amended;

AND IN THE MATTER OF the Northwest Territories Power
Corporation's 2009 Application for a Project Permit for the
Bluefish Lake Dam Replacement.

**REPLY ARGUMENT OF THE NORTHWEST
TERRITORIES POWER CORPORATION**

October 7, 2009

1 **1. Introduction**

2 NTPC files this reply in support of its Major Project Permit Application filed August 13, 2009
3 and in response to the Written Argument of the City of Yellowknife (the “City”) filed October
4 30, 2009. The Corporation also filed Written Argument on October 30, 2009. . Terms and
5 phrases defined in the NTPC Argument have the same meaning in this Reply Argument unless
6 otherwise specified herein. To the extent that the Corporation does not expressly reply to an
7 issue raised or position taken by the City, the Corporation should not be deemed to agree with or
8 consent to the City’s position.

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10 In its Written Argument, the City has confirmed that it does not oppose NTPC’s Project Permit
11 Application per se. However, it did raise certain issues, particularly with respect to the project
12 costs. NTPC has attempted to respond to the City’s concerns herein.

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15 **2. Project Costs**

16 The City has expressed a concern with large increases in capital costs incurred since the purchase
17 of the Facility and with cost overruns on the intake structure and the Duncan Lake control
18 structure. NTPC notes as a general comment that all AMEC cost estimates were stated in 2001
19 dollars. The work on the intake structure and the Duncan Lake control structure was in fact
20 completed a number of years post 2001. Further, both projects were initiated in an economic
21 climate that involved higher labour costs, higher material costs, and fewer contractors bidding on
22 work. The Corporation also notes that more recent cost estimates for these projects were
23 reviewed and approved by the Board as part of the Corporation’s 2006/08 Phase I GRA.

24 Finally, diesel fuel costs incurred while the facility was out of service (in an amount of
25 approximately \$2.6 million) were added to the capital project costs as a result of the Board’s
26 Decision 26-2008. No allowance had been made in the initial AMEC estimates for this
27 additional expense.

28 As outlined in its Application and Written Argument, NTPC has refined its Project budget since
29 the EBA report. It has reviewed the costs estimates prepared by the engineering consultants and
30 added internal costs. Those additional internal costs are in part derived from the Corporation’s
31 past experience in carrying out the various Bluefish projects and include additional costs such as
32 ice road costs, transportation, camp facilities and others.

33 The City has indicated a preference that NTPC carry out additional investigations and update its
34 cost estimates before a Project Permit is issued. The City has also suggested that this should be
35 done without causing any delay to the Project. It is important to note that this Project is in the
36 planning stages with construction of the ice road scheduled to commence in early January of
37 2010. NTPC has already committed to providing refined cost estimates to the Board upon

1 completion of the tendering and will also provide the Board with geotechnical updates at that
2 time. NTPC does not believe that a decision on its Application should be delayed until after
3 these refinements. NTPC is further of the view that deferring a decision on the Project Permit
4 will inevitably result in delays in the Project.

5 NTPC has offered substantial evidence as to the benefits of the Project. The Project represents
6 an extremely high priority for NTPC. NTPC will devote all resources necessary to the Project
7 and will continue to manage project costs prudently.

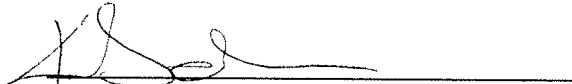
8 **3. Conclusion**

9 The Corporation reiterates its belief that the Project is the most feasible, economical solution to
10 provide sustainable, safe, cost effective and reliable power in the Yellowknife service area. The
11 Board respectfully requests:

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- 13 a) That the Board approve this Application by issuing a project permit pursuant to Sections
14 23(b) and 54(1) of the *Public Utilities Act* to replace Bluefish Dam in an amount of up to
15 \$18.5 million; and
 - 16
 - 17 b) Approval in principle to borrow up to \$18.5 million related to the Project.
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20 **ALL OF WHICH** is respectfully submitted this 7th day of October, 2009.

21
22 **Borden Ladner Gervais LLP,**
23 **Counsel for the Northwest Territories Power**
24 **Corporation**

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28 Per: Karen A. Salmon