

**NWT CONSTRUCTION ASSOCIATION
NORTH OF 60 CONFERENCE
Yellowknife, February 02, 2011**

SLIDE 1 – COVER SLIDE

Good afternoon. It's a pleasure to be here. I thought I'd start my presentation with a few background slides and then spend the majority of my time highlighting NTPC's Safety Story and sharing our experience with the Northern Safety Association's Certificate of Recognition program, more commonly known as COR.

SLIDE 2 – NT HYDRO GROUP

In 2007 the Government of the Northwest Territories created a new structure for the electricity sector – the NT Hydro Group of Companies.

There are a number of subsidiaries, but the Northwest Territories Power Corporation and NT Energy Corporation are the most widely recognized.

The GNWT owns all three corporations.

Each has a different role in the market place.

NT Energy focuses on non-regulated investments, such as the Taltson Hydro Expansion Project and NT Power Corporation takes care of investments and operation regulated by the Public Utilities Board.

This structure is a significant departure from the past when the electricity sector consisted of NT Power.

This structure enables the GNWT to deliver government initiatives outside of the regulated arena, such as wind and other alternative energy technologies.

SLIDE 3 – NTPC

Of the three organizations, NTPC has the greatest stake in safety matters as it is the only entity to currently operate assets so I'm going to concentrate on describing it for the next few slides.

The Power Corporation generates and delivers power to 28 communities.

Each remote community has its own generating facilities. This is one of the characteristics that defines the NWT electricity market and makes it somewhat unique in a North American context.

Despite the remote nature of generation, the average blended cost of power across the Territories is about 25.6 cents/kWh.

While this might seem like a high cost, it might surprise you to know that our blended rate is approximately the same as Boston, New York and San Francisco¹.

Another characteristic defining our regulated service is the trend in sales.

Since 2002, sales in every class of customer – wholesale, residential and industrial – have been flat or declining.

Without growing demand it's not feasible to build additional power supply options, however, we can continue to look at ways of

¹ 2009 Hydro Quebec study of North American residential electricity costs (no taxes, riders, etc.): Boston at 25.99 c/kWh; New York 25.32 c/kWh; and San Francisco 24.54 c/kWh.

increasing our efficiency by prudently upgrading our existing generation.

We have several new projects that are through feasibility, but we have to wait for the demand to materialize before putting that investment in front of the regulator for approval.

SLIDE 4 – RATE REBALANCING

I would like to talk a little about the recently implemented rate rebalancing initiative.

On December 01, rates in 24 NWT communities were reduced as a result of direction from the GNWT's *Brighter Futures Report*.

The rate reductions generally took place in communities served by diesel. In the remaining communities served by hydro generation, electricity rates were held constant.

In other words, rate rebalancing was achieved without transferring any costs to hydro-based communities.

While many jurisdictions have been through some form of industry restructuring in the past 20 years, usually with less than satisfactory results, it is my view that this government has managed to do what others could not.

I think it's worth highlighting for this audience that the big winners of rate rebalancing are commercial customers in small communities.

Rates have been reduced by 25% to 80% or more for industry, retailers, hoteliers, construction companies and all others who generate employment, services and tax dollars in the NWT.

Collectively, this represents a major reduction in overheads for the private sector and a major step forward for our economy.

So again; while many jurisdictions are experiencing large rate increases, our customers are enjoying four years of rate stability.

Our last General Rate increase occurred in 2008. We don't expect another until 2012 or 2013. Given the size of our market we think Rate Rebalancing along with four years of rate stability are two notable achievements.

SLIDE 5 – NTPC'S SAFETY STORY

Now on to the central focus of my presentation.

Many companies will tell you that safety is Job One. At NTPC it's more than that...safety is a way of life.

We work in a completely unforgiving industry. Electricity travels at a speed of 186,000 miles per second. It's not something you can contain once it's unleashed.

When combined with our harsh operating environment, we have no choice but to literally make safety a way of life.

Safety is an end-to-end, top down commitment that begins with our Board of Directors and ends the day to day practice of every single NTPC employee.

This commitment is reinforced in our Safety Rule Book, Safety Policy, Safety Program, Mission and Vision Statements, and Strategic Plan.

And for our employee's safety training and attention to safe work practices never ends.

SLIDE 6 – SAFETY ACHIEVEMENTS

We are a member of the Canadian Electricity Association's Safety Working Group which shares best practices across Canada and publishes safety performance data from across the country so we can see how we stack up against utilities with the best safety ratings.

In 2005 we received the Canadian Electricity Association's President's Award for Employee Safety and achieved over 1 million hours worked without a lost-time accident.

In 2010 we underwent our second comprehensive safety audit performed from Utility Risk Management, a nationally recognized safety management firm in our industry.

The evaluation covered 22 critical aspects of safety performance from Leadership and Risk Management to Training and Control & Protection procedures.

Between 2005 and 2010 NTPC performance scores improved in all 22 safety measures audited. Our overall rating jumped by 15% from 2005 to 2010

Within the 22 audited measures, the Corporation achieved an "excellent" performance rating of 80% or more in ten key areas.

SLIDE 7 – LONG TERM THINKING + "COMMITMENT EVERY MINUTE"

The external audit on the previous slide provides a long-term measure of our progress and helps to confirm that we are on a course of continuous improvement.

Safety is both tactical as well as strategic. You have to work at it every minute of every day, but you also have to build a framework for safety excellence and continuous improvements.

If a company thinks long term, as we do, and provides its employees with a framework for excellence you can achieve some remarkable results.

But the most convincing long term result is this – in the history of the company we've never had an employee fatality and we will continue to ensure that we have the practices procedures and attitudes that ensures that we continue this record.

There are few major utilities in Canada that can make such a claim for a 20-year period.

SLIDE 8 – COR COMMITMENT

I hope I've convinced you that we're committed to safety and that we're dedicated to continuous improvement.

But when it comes to safety, as you all know, you're only as good as yesterday's success. Each day brings new challenges and as a company we're on the hunt for continuous improvement.

So where do we go from here?

Last year we participated in the Northern Safety Association's COR training program. We didn't really know what to expect, but we weren't disappointed.

We believe our overall safety record can improve if we improve the safety performance of all the contractors that work with us.

We recognize COR as an important yardstick for gauging a company's commitment workplace safety.

If a contractor is COR certified then we know they've got the fundamentals right and we can build on that with our own specialized safety training to reducing workplace accidents and injuries.

So as a contractor you are probably wondering – Why should I care. Well the answer is simple. Our average annual spending on contract work over the last two years was approximately \$20.2 million per year. That's comprised of \$5.8million for Operation & Maintenance and \$14.4M for capital work.

I would like to note that we are in the process of making COR certification part of our tendering policy.

COR certified companies will receive extra evaluation points when being rated in the bid process and we hope to move forward to the point where it becomes a necessity.

For us, it's an additional tool to ensure all our contractors have a solid understanding of safety practices before they arrive at our work sites and that translates into improved job safety.

SLIDE 9 – NSA'S CERTIFICATE OF RECOGNITION (COR)

I'm going to close my presentation with a few remarks about COR.

COR's genesis dates back to the year 2000 when an agreement was signed by all members of the Canadian Federation of Construction Safety Associations.

The Northern Construction Safety Association began its journey in 2005 and transformed itself into the Northern Safety Association in 2007.

In January 2008 the NSA delivered its first safety training course and quickly established itself in the NWT and Nunavut markets. It has since become the Authority having jurisdiction to grant COR in both territories.

In achieving this accreditation, the Northern Safety Association delivers training, certification, and one common audit instrument utilized across Canada.

SLIDE 10 – COR: AN EMPLOYER’S OBSERVATIONS

Since COR is still emerging in the North, we thought it would be useful to provide a bit of feedback on our experience as a major Northern employer.

In our view, the COR program is geared towards contractors and small industrial companies that need to introduce and build a safety program from the ground up. It offers materials and support to help create and grow a safety program such as policies, procedures, forms and measurement.

The benefit of COR certification to contractors or small industrial companies is twofold. Not only do I believe that they will improve their safety record, but they will be more competitive in the bidding process. In other words – COR participants will improve their bottom line.

Again, we can see where many companies would benefit and how the North as a whole would benefit from the efficiencies of a single-window safety program.

The Corporation will continue to support COR by providing extra points to COR certified contractors during tender evaluations.

Given the specialized nature of our industry and the remote locations where we operate, it will be difficult to require COR certification from all contractors but we will work with industry to continue to push towards full participation.

We will also have to determine how we can apply this program to contractors from the south that have the specialized experience we need. Again, we look to the association to work with employers to see how this might be managed.

We have heard that by 2013 the GNWT will require all NWT contractors to be COR certified in order to qualify for contracts.

We hope that if this timeline is not too ambitious. What is important is that contractors become COR certified not because they are 'forced to' but because they see the benefit of becoming certified. I believe that you always get superior results when companies make the right choices for the right reasons. If I were a contractor, the argument for becoming COR certified is compelling.

These are our observations and we offer them based on our experience as a major employer dedicated to safety and as a company which has experienced COR training.

COR will continue to evolve in the North and NTPC fully supports the safety principles it puts into practice.

SLIDE 11 – CONCLUSION

That concludes my presentation. I want to congratulate the Construction Association on a terrific conference and thank the

Northern Safety Association for the opportunity to tell NTPC's Safety Story today.