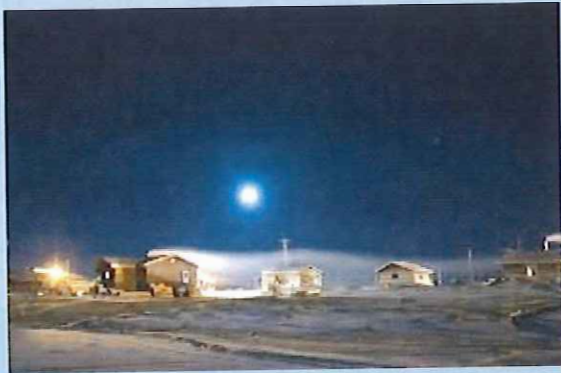


2024 ANNUAL REPORT



**NORTHWEST TERRITORIES
PUBLIC UTILITIES BOARD**



THE NORTHWEST TERRITORIES

PUBLIC UTILITIES BOARD

ANNUAL REPORT

**For the year ending
December 31, 2024**

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THE NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD

Mandate

The Northwest Territories Public Utilities Board (“**Board**”) is an independent regulatory agency of the Territorial Government operating under and administering the *Public Utilities Act* (“**Act**”). The Board is primarily responsible for the regulation of energy utilities in the Northwest Territories (“**NWT**”), to ensure that the rates charged for energy are fair, just and reasonable. It is also responsible for ensuring utility operators provide safe, adequate and secure services to their customers.

Board Organization

The Board consists of a part time Chairperson and four part time members. The Board Secretary, who reports to the Chairperson, administers the office. As the chief executive officer, the Chairperson presides over sittings of the Board and supervises Board employees.

The Board requires specialized assistance and so has contracts for legal counsel and technical expertise. No changes are contemplated, as the arrangement is cost effective.

The Minister Responsible for the Board, upon the recommendation of the Executive Council, appoints members of the Board. At the end of 2023, the Board consisted of the following persons:

Chairperson	Gordon Van Tighem, Yellowknife, Northwest Territories
Vice-Chairperson	Tina Gargan, Fort Providence, Northwest Territories
Member	Danny Yakeleya, Tulita, Northwest Territories
Member	Myra Berrub, Yellowknife, Northwest Territories
Member	Joe Auge, Yellowknife, Northwest Territories

The Board is assisted by:

Board Secretary	Doris Minoza, Hay River, Northwest Territories
Legal Counsel	Ayanna Ferdinand Catlyn, Field Law, Yellowknife, Northwest Territories
Consultant	Raj Retnanandan, Energy Management & Regulatory Consulting Ltd., Calgary, Alberta

REGULATORY JURISDICTION

Following are the utilities subject to the Board's jurisdiction:

Northwest Territories Power Corporation
Head Office: Hay River, Northwest Territories

Stittco Utilities NWT Ltd.
Head Office: Hay River, Northwest Territories

Northland Utilities (NWT) Limited
Head Office: Hay River, Northwest Territories

Northland Utilities (Yellowknife) Limited
Head Office: Yellowknife, Northwest Territories

AADR II Ltd.
Head Office: Fort McPherson, Northwest Territories

Inuvik Gas Ltd.
Head Office: Inuvik, Northwest Territories

UTILITY REGULATION

The need for regulation arises because utilities generally provide service on a monopoly basis without the economic controls of competition. The Board is the proxy for competition and attempts to ensure efficiency and fair pricing. The principles of rate regulation rest on fairness to both the utility and the consumer.

Energy utilities, as defined in the *Act*, are subject to Board regulation. The Board's principal responsibility is to ensure that each utility provides safe, adequate service at rates which are just and reasonable. When it receives an application to set rates, primarily through a General Rate Application (“**GRA**”), the Board must balance the competing interests of consumers, and the utilities. Rates are set through a public hearing process. The Board's objective through the hearing process is to guarantee that the public interest is served and protected.

Public involvement is an essential component of the regulatory process. The Board ensures the opportunity for public participation by directing the applicant to publish a notice, approved by the Board, advising that a hearing is to be held to consider the application. The notice may be published in newspapers throughout the utility's service area, included in each customer's monthly billings, or such other method that the Board considers appropriate.

The Board has the authority to award costs at the conclusion of a hearing. Interveners before the Board may receive up to 100% of their reasonably incurred costs provided that, in the Board's opinion, the intervention contributed in a meaningful way to the Board's understanding of the application.

Interveners are interested parties who register with the Board and receive copies of the application and all written questions and answers.

Interveners may take an active role in the hearing process. They may submit written questions, give evidence, call expert witnesses, and cross-examine the applicant. The applicant, as well as other interveners, is provided the opportunity to cross-examine the intervener and the intervener's expert witnesses. Alternatively, the intervener may choose to not actively participate in the hearing, but simply receive all available information.

After hearing and reviewing the evidence, the Board issues its Decision on the application. The Board may reject the rate change, modify it, or approve it as requested.

The Board also approves major capital projects, the issuance of long-term debt and municipal franchise agreements.

2024 HIGHLIGHTS

Decision 1-2024: This Decision deals with Board approval for the sale and purchase of the Hay River franchise assets of the Town of Hay River. The Board approved the transaction, finding it met the no harm standard and was in the public interest. The Decision was based on a thorough review of the applicant's compliance with relevant statutes and the no harm test for all impacted customers.

Decision 2-2024: This Decision deals with approval of Northland Utilities NWT's (NUL-NWT) 2023 Revenue Requirement. The Board directed Northland to file updated 2023 revenue requirements reflecting the Board's determinations.

Decision 3-2024: This decision deals with approval for changes to Territory Wide Rate Stabilization Fund (RSF) Riders for the Northwest Territories Power Corporation (NTPC) due to increased fuel costs and drought conditions. The Board directed NTPC to file rate changes reflecting the necessary updates to the RSF Riders. The approval was based on the substantial changes in fuel prices and operational conditions affecting NTPC's financial stability and rate fairness.

Decision 4-2024: In this Decision the Board approved the creation of an Operating and Maintenance (O&M) expense Drought Deferral Account for the Northwest Territories Power Corporation (NTPC). The decision acknowledged the material impact of the drought on NTPC's operations and the necessity of deferring these costs to maintain financial and operational stability.

Decision 5-2024: In this Decision the Board awarded costs arising from the Hay River Franchise sale of assets proceeding to applicants and interveners, detailing recoverable amounts from ratepayers. Costs were assessed based on their reasonableness, the complexity of the application, and the value of assistance provided to the Board in the proceedings.

Decision 6-2024: This Decision deals with approval of Hearing Costs arising from Northland Utilities NWT's (NUL-NWT) 2023 General Rate Application.

Decision 7-2024: This Decision deals with an application by the Northwest Territories Power Corporation for approval of: i) Changes to the Territory Wide Rate Stabilization Fund Riders effective May 1, 2024, in compliance with Board Decision 3-2024; ii) Implementation of a Drought Operating and Maintenance

Expense Deferral Account Rider Effective May 1, 2024, in compliance with Board Decision 4-2024.

Decision 8-2024: This Decision deals with the Second Compliance Application by the Northwest Territories Power Corporation for approval of: i) Changes to the Territory Wide Rate Stabilization Fund Riders effective May 1, 2024, in compliance with Board Decisions 3-2024 and 7-2024; ii) Implementation of a Drought Operating and Maintenance Expense Deferral Account Rider Effective May 1, 2024, in compliance with Board Decisions 4-2024 and 7-2024.

Decision 9-2024: This Decision deals with an application by Northland Utilities (NWT) Limited operating as Naka Power (NWT) for Review and Variance of Board Decision 2-2024 with respect to treatment of fuel costs associated with the Taltson hydro plant upgrade.

Decision 10-2024: This Decision deals with an application by Northland Utilities (Yellowknife) (NUL-YK) Limited operating as Naka Power (Yellowknife) to adjust the Purchase Power Cost Adjustment Rider, Rider F, effective June 1, 2024. Rider F is intended to flow-through changes in purchase power prices charged to NUL-YK by the Northwest Territories Power Corporation (NTPC), adjusted for system losses.

Decision 11-2024: This Decision deals with the approval of claims for Hearing costs by the Hamlet of Enterprise in the Northland Utilities (NWT) Limited 2023 General Rate Application.

Decision 12-2024: This Decision deals with an application by the Northwest Territories Power Corporation requesting to terminate the 2022/23 General Rate Application Shortfall Rider effective from June 1, 2024.

Decision 13-2024: This decision deals with an application by the Northwest Territories Power Corporation for approval of Interim Refundable Rates with respect to its 2024/25 General Rate Application.

Decision 14-2024: This Decision deals with an application, by Northland Utilities (NWT) Limited Operating as Naka Power (NWT), for approval of a change in

rates in response to directions for a Compliance Filing provided in Decision 2-2024 respecting the Company's 2023 General Rate Application.

Decision 15-2024: NTPC filed its Compliance filing application reflecting a 30% reduction in the cost increases requested by zone by NTPC, in its original application. This Decision deals with approval of revised rates requested by NTPC, giving effect to the reductions by zone directed by the Board in Decision 13-2024.

Decision 16-2024: In this Decision the Board dealt with an application by Northland Utilities (NWT) Limited- Operating as Naka Power (NWT), for approval of a change in rates in response to directions for a Second Compliance Filing provided in Decision 14-2024 respecting the Company's 2023 General Rate Application.

Decision 17-2024: In this Decision the Board dealt with claims for Hearing costs arising from the Northwest Territories Power Corporation's applications for Approval of: i) a Fuel Stabilization Rider and ii) an Operating and maintenance Expense Deferral Account.

Decision 18-2024: In this Decision the Board approved for Northland Utilities (Yellowknife) (NUL-K) changes to Rider F effective August 1, 2024. Rider F is the Purchase Power Cost Adjustment Rider, intended to flow-through changes in purchase power prices charged to NUL-YK by the Northwest Territories Power Corporation (NTPC), adjusted for system losses.

Decision 19-2024: This Decision deals with approval of claims for intervener hearing costs arising from the Northwest Territories Power Corporation's application for Approval 2024/25 Interim Rates.

Decision 20-2024: This Decision deals with approval of claims for hearing costs arising from the Northwest Territories Power Corporation's application for Approval 2024/25 Interim Rates.

Decision 21-2024: In this Decision the Board approved for Northland Utilities (NWT) (NUL-NWT) changes to Rider F effective September 1, 2024. Rider F is the Purchase Power Cost Adjustment Rider, intended to flow-through changes in purchase power prices charged to NUL-NWT by the Northwest Territories Power Corporation (NTPC), adjusted for system losses.

Decision 22-2024: In this Decision the Board approved for Northland Utilities (NWT) (NUL-NWT) changes to Rider A effective September 1, 2024. Rider A, provides a mechanism for recovery of costs associated with the Company's fuel price variance deferral and diesel generation deferral accounts.

Decision 23-2024: In this Decision the Board approved interim rates for Naka Power Utilities Yellowknife with respect to Test Years 2024 and 2025.

Decision 24-2024: In this Decision the Board approved Naka Power Utilities Yellowknife's debenture issue.

Decision 25-2024: In this Decision the Board approved the 2nd interim rates for the 2024/25 Test Year, effective December 1, 2024 for Northwest Territories Power Corporation (NTPC). The Board also terminated the Drought Operating and Maintenance (O&M) expense deferral account recovery that was approved in Decision 7-2024. NTPC has requested Review and Variance of the Board's decision to terminate the O&M deferral account.

Decision 26-2024: This Decision deals with a compliance filing by Northwest Territories Power Corporation in response to directions for filing rate schedules as specified in Decision 25-2024.

Decision 27-2024: In This Decision the Board approved the 1st interim rates for the 2025 Test Year, effective January 1, 2025 for Naka Power Utilities (NWT).

A LOOK AHEAD

Hearings with respect to Naka Power Utilities (NWT) (NP-NWT) 2024 and 2025 General Rate Application (GRA) and Northwest Territories Power Corporation (NTPC) 2024/25 and 2025/26 GRA are scheduled to take place in Yellowknife in April 2025. One of the key issues to be dealt with at these hearings relates to the establishment of just and reasonable rates for both utilities following sale of the Hay River franchise assets by NP-NWT to NTPC effective March 1, 2025.

Monitoring of price changes by Stittco Utilities NWT Ltd., based on a price index for propane, continues in 2025.

The Board's Website has been fully upgraded to enable automation of document processing and to promote transparency and ease of access for the public.

Observing the evolution being experienced within the Energy Sectors, we continue to anticipate the opportunity to actively participate in a thorough review of our regulatory policies and legislative framework to develop recommendations to the GNWT anticipating and adapting to our future.

Ongoing development of our Board Members continues through our association with the Canadian Association of Members of Public Utility Tribunals and various international contacts to maintain their up-to-date industry knowledge.

Ongoing NWT Electricity Policy

The nature and structure of the electric industry in the NWT continues to evolve. Consumers continue to consume energy from the grid, but are now producing energy to be put into the grid while distributed generation and community generation are necessitating changes to the network. On the system side, utilities and the communities they serve are indicating increased readiness to accept energy efficiency, demand response, renewable energy and energy storage, among other emerging trends.

As a unique jurisdiction, we continue to be invited to participate in National events representing the remote service area we regulate. We provide regular updates regarding the innovation and efficiencies we in the NWT have developed while serving our markets, some of which are being adopted in other areas.

