

2025 ANNUAL REPORT



**NORTHWEST TERRITORIES
PUBLIC UTILITIES BOARD**



THE NORTHWEST TERRITORIES

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**For the year ending
December 31, 2025**

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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	Myra Berrub, Yellowknife, Northwest Territories
Member	Danny Yakeleya, Tulita, Northwest Territories
Member	Tina Gargan, Fort Providence, Northwest Territories
Member	Joe Auge, Yellowknife, Northwest Territories

The Board is assisted by:

Board Secretary	Doris Thomas, Hay River, Northwest Territories
Legal Counsel	Matthew Turzzansky, 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.

2025 HIGHLIGHTS

Decision 1-2025: This Decision found that the negotiated settlement, taken as a whole, was fair, reasonable and in the public interest, and approved the 2024 and 2025 revenue requirements of \$55,010,000 and \$57,325,000, respectively. The Board also approved recovery of these amounts through Rider R rather than proceeding to a Phase II cost of service review at this time, and approved related updates to the Terms and Conditions of Service

Decision 2-2025: This Decision approved continuation of the existing interim Rider R adjustments (12.5% Hydro Zone and 11.5% Thermal Zone) effective March 1, 2025, on an interim refundable basis. The Board also approved an interim monthly transmission wheeling charge of \$48,500, based on 80% of its estimated cost of service for interim purposes, pending final determination in the GRA.

Decision 3-2025: This Decision the Board determined that, for interim purposes, Hay River rates should be set to recover an estimated cost of service of \$8,539,000, resulting in an average revenue decrease of approximately 2.2% relative to existing NP-NWT rates, thereby minimizing potential cross-subsidization. The Board also approved an interim refundable wholesale rate of 20 cents/kWh for sales to NP-NWT, pending final determination in the GRA.

Decision 4-2025: In this Decision the Board found that NP-YK's compliance filing adhered to the approvals granted in Decision 1-2025 and approved implementation of Rider R at 4.999% and Rider E at 4.831%, effective March 1, 2025. The Board also approved the revised Terms and Conditions of Service effective the same date.

Decision 5-2025: This Decision the Board found that NTPC's proposed uniform temporary rider would result in material rate increases for certain customer classes, including large general service customers, contrary to the Board's prior direction. The Board therefore directed NTPC to file a second compliance filing with revised rates ensuring that no customer classes experience revenue increases as a result of the transition and to provide supporting proof of revenue by customer class.

Decision 6-2025: This Decision the Board found that, when accounting for the removal of certain NP-NWT riders upon transition, the revised proposal mitigated immediate impacts on affected government general service customers and met the intent of its prior directions, and therefore approved the 3rd Interim Rates effective March 1, 2025. The Board also directed NTPC to address, in the GRA proceeding, the justness and reasonableness of base rate impacts arising from structural differences between NTPC's and NP-NWT's rate designs.

Decision 7-2025: This Decision the Board reduced NP-YK's claimed legal costs by 15% due to duplication of effort and approved a total recovery of \$115,137.51 through NP-YK's hearing cost reserve account. The Board also approved the City of Yellowknife's cost claim of \$50,380.98 for payment by NP-YK and recovery through the same reserve account.

Decision 8-2025: This Decision the Board accepted NP-YK's calculations and approved a decrease to Rider F from \$0.1204/kWh to \$0.1032/kWh effective May 1, 2025. The revised Rider F applies to all energy consumption in Yellowknife on an interim-refundable basis.

Decision 9-2025: This Decision the Board expressed concern regarding the delay in refunding the 2017 GRR surplus but accepted NP-YK's calculations and approved Rider H effective May 1, 2025. The approved Rider H results in a -878% adjustment to all base rate revenues for Yellowknife customers.

Decision 10-2025: This Decision the Board approved NTPC's Phase I revenue requirements for the 2024/25 and 2025/26 test years, subject to specific adjustments identified in the Decision, and directed that certain rate structure and cost allocation matters be addressed in a subsequent Phase II process. The Board confirmed interim rates would be reconciled with approved final rates and provided further direction on implementation and compliance filings.

Decision 11-2025: This Decision the Board approved a 2025 Return on Equity of 9.32% and directed NP-NWT to calculate and remove deemed transitional A&G costs from base rates, with recovery through a new Transitional Costs Deferral Account and Global Adjustment Rider. The Board rejected the proposed Taltson Revenue Offset and Wheeling Charge approaches as filed, approved certain depreciation and deferral treatments, confirmed 2024 interim rates as final, and directed a Compliance/Mini Phase II filing to finalize 2025 revenue requirement and rates.

Decision 12-2025: This Decision the Board approved the early redemption of the four debentures and confirmed that the associated debt break costs are recoverable, consistent with prior decisions. The Board directed NP-NWT to implement recovery of the redemption costs in accordance with the approach set out in Decision 11-2025.

Decision 13-2025: This Decision the Board approved NP-NWT's 2025 revenue requirement (in total and by zone), directed revised A&G cost allocations for transmission based primarily on rate base and labour, approved a Territory-wide GAR to recover TCDA amounts, denied recovery of a social engineering fraud loss through the RID, and denied the amalgamation request as incomplete, directing a joint application instead. The Board set final 2025 rates subject to a 15% Hydro zone cap and a 105% Thermal zone revenue-to-cost ratio, with 2026 rates to be interim pending a GRA by the amalgamated entity.

Decision 14-2025: This Decision the Board confirmed that the correction is limited to the spelling of the business name and does not alter the substance, findings, or directions of Decision 14-2025. A corrected version of the Decision has been re-uploaded, and the Board issued an apology for the inadvertent error.

Decision 15-2025: In this Decision the Board approved the revised wheeling charge effective January 1, 2026, the GAR of \$0.0074/kWh effective February 1–May 31, 2026, Rider R (29.8% Hydro; 14.8% Thermal) and Rider E effective January 1, 2026, and Rider H (5.0% Hydro) effective July 1, 2026, with carrying charges permitted. The Board declared the approved base rates and Rider R interim as of January 1, 2026 pending a 2026 GRA by the amalgamated entity.

Decision 16-2025: In this Decision the Board approved certain cost-of-service updates and exemptions, but directed significant revisions to the SCDA, excluding most Taltson overhaul delay costs from immediate recovery pending a detailed prudence review to be filed by April 1, 2027, and required the use of the long-term debt rate for SCDA carrying costs. The Board rejected differential rate adjustments at this stage, directed across-the-board zone-level rate changes effective February 1, 2026, required redesigned shortfall riders, and ordered NTPC to file a full Phase II application by April 1, 2027.

Decision 17-2025: In this Decision the Board found NTPC's total cost claim of \$7,865.00 to be reasonable and approved recovery of the amount through NTPC's Hearing Costs Reserve Account.

A LOOK AHEAD

Effective January 1, 2026 Naka Power Utilities NWT and Naka Power Utilities Yellowknife have amalgamated and will operate as Naka Power Utilities (NWT) Ltd., (NPL). The Board approved that the pre amalgamation rates, as approved for each zone (Snare, Taltson and Thermal) per Decisions 4-2025, 14-2025 and 15-20254, will remain in place, effective January 1, 2026 and will serve as interim refundable rates, pending the filing of an amalgamated 2026 General Rate Application (GRA). It is anticipated that a General Rate Application for the amalgamated utility NPL will be filed in the spring of 2026. At the hearings to be held in 2026, the Board will, among other matters, assess whether the no-harm principle has been satisfied, including whether customers have been protected from any adverse impacts arising from the amalgamation.

In Decision 16-2025, the Board directed the Northwest Territories Power Corporation (NTPC) to file a full Phase II proceeding by April 1, 2027 to examine NTPC's cost of service and rate design. This proceeding is to address, among other matters, the Government of the Northwest Territories' April 2025 Electricity Policy Directions, including the review of fixed charges and the transition from community-based government rates to a single government rate within the Thermal zone, as well as to examine rate impacts to Hay River customers arising from structural differences between Naka Power Utilities (NWT) and NTPC rates.

Proceedings to implement the Government of the Northwest Territories' April 2025 Electricity Policy Directions, including development of an integrated resource plan, consideration of power purchase agreements, and potential changes to net metering and other rate design matters for northern electricity utilities, will continue. Community consultations are currently under way. Following completion of this phase, applications from the electric utilities seeking implementation of the GNWT policy directions are expected to be filed by July 2, 2026. Hearings to consider those filings are anticipated to be held in late 2026.

Overall, the nature and structure of the electric industry in the Northwest Territories continues to evolve following the issuance of the Government of the Northwest Territories' April 2025 Electricity Policy Directions, with many of the changes previously contemplated now entering the initial stages towards implementation. Consumers continue to rely on grid-supplied electricity, while increasingly also producing energy for injection into the grid. Pursuant to the Policy Directions, distributed and community-based generation are expected to drive tangible changes to system planning, network operations, and demand-side initiatives.

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

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.

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.

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.