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December 16, 2016

Mr. Gord Van Tighem, Chairman
NWT Public Utilities Board
203 - 62 Woodland Drive
Box 4211
Hay River NT X0E 1G1

Dear Mr. Van Tighem,

Re: Northwest Territories Power Corporation 2015/16 Annual Report of Finances and Operations

Pursuant to Section 76(2)(b) of the *Public Utilities Act*, please find attached the 2015/16 Annual Report of Finances and Operations for the Northwest Territories Power Corporation. This report is consistent with the format and content approved by the Board in Decision 13-2014.

This filing also responds to Undertaking #1 identified in Schedule A to the Corporation's letter of December 7, 2016.

Respectfully,

A handwritten signature in black ink that reads "Cory Strang". The signature is stylized and cursive.

Cory Strang, CFA
Manager, Budgeting and Regulatory Affairs

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
SUMMARY OF GENERATION, SALES, AND REVENUE
 NTPC SUMMARY

Line no.	Description	2014/15 Actual	2015/16 Forecast	2015/16 Actual
SALES AND REVENUE				
Residential				
1	Sales (MWh)	45,454	44,320	43,907
2	Customers	6,692	6,739	6,739
3	Av. MWh Sales/Cust.	6.79	6.58	6.52
4	Revenue (000s)	24,536	25,310	25,180
5	Cents /kWh	53.98	57.11	57.35
General Service				
6	Sales (MWh)	58,679	57,987	58,254
7	Customers	1,862	1,876	1,876
8	Av. MWh Sales/Cust.	31.51	30.91	31.05
9	Revenue (000s)	33,882	34,849	35,028
10	Cents /kWh	57.74	60.10	60.13
Wholesale				
11	Sales (MWh)	196,845	194,460	193,519
12	Customers	2	2	2
13	Revenue (000s)	36,247	37,664	37,363
14	Cents /kWh	18.41	19.37	19.31
Industrial				
15	Sales (MWh)	7,680	6,192	6,120
16	Customers	1	1	1
17	Av. MWh Sales/Cust.	7680	6192	6120
18	Revenue (000s)	1,333	1,170	1,157
19	Cents /kWh	17.36	18.90	18.90
Streetlights				
20	Sales (MWh)	1,144	988	958
21	Revenue (000s)	1,262	838	1,055
22	Cents /kWh	110.31	84.84	110.16
Total Community				
23	Sales (MWh)	309,803	303,947	302,757
24	Customers	8,557	8,618	8,618
25	Revenue (000s)	97,261	99,832	99,783
26	Cents /kWh	31.39	32.85	32.96
GENERATION (MWh)				
27	Total Station Service	12,425	13,318	12,397
28	Total Losses	13,829	15,825	14,403
29	Losses - % of Gen.	4.1%	4.8%	4.4%
30	Total Generation	336,057	333,090	329,558
Source (MWh)				
31	Hydro Generation	203,838	181,474	175,324
32	Gas Generation	8,945	8,635	11,536
33	Gas Efficiency	3.725	3.340	3.340
34	Cubic Meters (000s)	2,401	2,585	3,454
35	Diesel Generation	113,431	133,536	133,448
36	Diesel Efficiency	3.635	3.597	3.613
37	Liters (000s)	31,204	37,124	36,935
38	Solar Generation	6	53	137
39	Purchased Power	9,836	9,292	9,113
40	Total Generation	336,057	332,990	329,558
% of Total Generation				
41	Hydro	60.7%	54.5%	53.2%
42	Gas	2.7%	2.6%	3.5%
43	Diesel	33.8%	40.1%	40.5%
44	Purchased	2.9%	2.8%	2.8%
45	Solar	0.00%	0.02%	0.04%
Peak (kW)				
46	Total Peak	61,394	63,039	60,862
47	Load Factor	62.5%	60.3%	61.8%

Variance Explanations between 2015/16 Forecast and 2015/16 Actual

Actual sales were lower than forecast due to above normal March temperatures for the Snare and Taltson zones.

**NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
O&M Expense by Account Code and Function - NTPC**

Function Codes	Descriptions	2014/15 Actual	2015/16 Forecast	2015/16 Actual
	Generation	15,023	15,239	15,982
	Transmission	1,048	775	624
	Distribution	3,064	1,318	3,045
	Billing & Customer Accounting	257	490	282
	General Expense Functions	2,899	3,489	2,876
	Administration Functions	2,158	2,060	1,986
	Common Costs	17,572	19,527	17,381
	Grand Total	42,022	42,899	42,176
	Corporate donations	111	113	124
	Grand Total net of Corporate Donations	41,911	42,786	42,052

Variance Explanations between 2015/16 Forecast and 2015/16 Actual

Generation - Actual costs \$0.743 million higher than forecast due to increased camp expenses at Snare Hydro and the rental of a diesel generator at Jackfish. Camp expenses were higher due to increased personnel resulting from local forest fires and longer duration hydro overhauls than forecast.

Transmission - Actual costs \$0.151 million lower than forecast as more work was completed on distribution overhead lines than Transmission overhead lines than forecast.

Distribution - Actual costs \$1.727 million higher than forecast as more costs were directly coded to plant than to common costs consistent with the 2016/19 GRA Test Years.

Billing & Customer Accounting - Actual costs \$0.208 million lower than forecast as costs were recorded to distribution under meter reading. This was a reallocation between the two function codes for 2015/16.

General Expense Functions - Actual costs \$0.612 million lower than forecast as expenses for accounts 8720 (store warehouse expense) and 8732 (network support O&M) were recorded to common costs. The store warehouse expense is a reallocation for 2015/16 only. The network support O&M reallocation is consistent with the 2016/19 GRA Test Years.

Common Costs - Actual costs \$2.150 million lower than forecast as distribution related costs were recorded at the plant level consistent with the 2016/19 GRA Test years and due to vacancies at the corporate level.

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
Plant Amortization Expense

<u>Line No.</u>	<u>Description</u>	<u>2014/15 Actual</u>	<u>2015/16 Forecast</u>	<u>2015/16 Actual</u>
1	Fixed Asset Amortization	13,254	13,925	14,212
2	True-up Provision	1,839	1,839	1,839
3	Amortization of Deferred Charges	5,639	5,708	5,731
4	Customer Contribution Amortization	<u>(616)</u>	<u>(647)</u>	<u>(746)</u>
5	Total Depreciation Expense	<u>20,115</u>	<u>20,825</u>	<u>21,036</u>

Variance Explanations between 2015/16 Forecast and 2015/16 Actual

Actual 2015/16 amortization expense was \$0.210 million higher than forecast due to capital additions and the omission of the Bluefish assets as noted in BR.NTPC-20(a) and (b).

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
RETURN ON RATE BASE - MID YEAR
(in thousands of dollars)

Schedule 7.0

Line No.	Less Work in Progress and Capital Lease				Mid-Year Cost Rate All Excluding Thermal Plant Specific	Mid-Year Cost Rate Thermal Plant Specific	Mid-Year Cost Rate Capital Lease Obligation	General Mid-Year Rate Base				Mid-Year Return on Rate Base All Excluding Thermal Plant Specific	Mid-Year Return on Rate Base Thermal Plant Specific	Mid-Year Return on Capital Lease Obligation	Total Mid-Year Return on Rate Base	Total Mid-Year Cost Rate
	Mid-Year Capitalization	Obligation	General Mid-Year Capitalization	Mid-Year Capital Ratios				All Excluding Thermal Plant Specific	Thermal Plant Specific	Capital Lease Obligation	Total Rate Base					
2014/15 Actual																
1	121,460		121,460	45%	0.55%	0.00%		83,414	43,634		127,048	455	-		384	0.30%
2	162,099	15,637	146,462	55%	5.73%	8.60%		100,585	52,615		153,200	5,768	4,526		10,293	6.72%
3	283,558		267,921	100%	3.38%	4.70%		183,999	96,249		280,248	6,223	4,526		10,677	3.81%
4	18,990	18,990	-	0%		0.00%	9.44%			18,990	18,990	-	-	1,793	1,793	9.44%
5	302,548		267,921	100%	3.38%	4.70%		183,999	96,249	18,990	299,237	6,223	4,526	1,793	12,470	4.17%
2015/16 Forecast																
6	121,165		121,165	46%	8.50%	0.00%		84,818	46,488		131,305	7,210	-		7,195	5.48%
7	159,786	17,685	142,101	54%	5.77%	8.66%		99,473	54,520		153,993	5,741	4,720		10,461	6.79%
8	280,951		263,266	100%	7.03%	4.67%		184,291	101,008		285,299	12,951	4,720		17,656	6.19%
9	18,585	18,585	-	0%		0.00%	9.43%			18,585	18,585	-	-	1,752	1,752	9.43%
10	299,536		263,266	100%	7.03%	4.67%		184,291	101,008	18,585	303,883	12,951	4,720	1,752	19,408	6.39%
2015/16 Actual																
11	121,107		121,107	46%	-0.78%	0.00%		87,111	47,283		134,394	(682)	-		(682)	-0.51%
12	159,786	18,586	141,201	54%	5.77%	8.66%		101,564	55,128		156,693	5,862	4,773		10,634	6.79%
13	280,893		262,307	100%	2.75%	4.66%		188,675	102,412		291,087	5,179	4,773		9,952	3.42%
14	18,585	18,585	-	0%		0.00%	9.43%			18,585	18,585	-	-	1,752	1,752	9.43%
15	299,478		262,307	100%	2.75%	4.66%		188,675	102,412	18,585	309,672	5,179	4,773	1,752	11,704	3.78%

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
CAPITALIZATION MID-YEAR
(in thousands of dollars)

Line No.		2014/15 Actual	2015/16 Forecast	2015/16 Actual
	COMMON EQUITY			
1	Opening Balance	121,471	121,680	121,448
2	Net Income	377	-630	-682
3	Less: Dividends	400	400	0
4	Closing Balance	121,448	120,650	120,766
5	Mid-Year Balance [(L1+L4)/2]	121,460	121,165	121,107
	DEBT - LONG TERM			
6	Opening Balance	169,728	168,176	168,176
7	Issue	0	0	0
8	Repayment	(1,552)	(1,598)	(1,598)
9	Closing Balance	168,176	166,578	166,578
10	SINKING FUNDS			
11	Opening Balance	6,513	7,194	7,194
12	Withdrawal for debt repayment	0	0	0
13	Contributions, Income & Gains/Losses	681	794	794
14	Closing Balance	7,194	7,988	7,988
15	Mid-Year Balance [((L6-L11)+(L9-L14))/2]	162,099	159,786	159,786
	CAPITAL LEASE OBLIGATION			
16	Opening Balance	19,192	18,787	18,787
17	Additions			
18	Payments	(405)	(405)	(405)
19	Closing Balance	18,787	18,382	18,382
20	Mid-Year Balance [(L16+L19)/2]	18,990	18,585	18,585
21	TOTAL MID-YEAR CAPITALIZATION [L5+L15+L20]	302,548	299,536	299,478

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
RATE BASE
(in thousands of dollars)

Line No.	2014/15 Actual	2015/16 Forecast	2015/16 Actual
1 Gross Plant in Service			
2 Beginning of Year	448,726	463,099	468,267
3 Add: Additions	23,439	24,568	28,315
4 Less: Disposals and Transfers	3,898	1,937	8,218
5 End of Year	<u>468,267</u>	<u>485,730</u>	<u>488,364</u>
6 Mid-Year Balance =(L2+L5)/2	458,496	474,414	478,315
7 Accumulated Amortization			
8 Beginning of Year	166,878	177,088	177,088
9 Add: Amortization Expense and True-Up	15,093	15,764	16,051
10 Less: Disposals, Transfers and other Adjustments	3,891	1,937	7,922
11 Less: Site Restoration Expenses	992	1,000	1,786
12 End of Year	<u>177,088</u>	<u>189,915</u>	<u>183,431</u>
13 Mid-Year Balance = (L8+L12)/2	171,983	183,501	180,259
14 Mid-Year Net Plant in Service (L6 - L13)	<u>286,514</u>	<u>290,913</u>	<u>298,056</u>
15 Add: Mid-Year Deferral Accounts	15,384	16,348	16,127
16 Add: Mid-Year Deferred Expenses	3,473	3,940	3,985
17 Add: Mid-Year Working Capital	3,542	3,174	3,393
18 Less: Mid-Year Customer Contributions	9,675	10,492	11,890
19 Mid-Year Rate Base	299,237	303,883	309,672

Variance Explanations between 2015/16 Forecast and 2015/16 Actual

The 2014/15 actual balances have been adjusted to include the \$5.168 million Bluefish asset as per BR.NTPC-20 (a) and (b)

Actual disposals were higher than the 6 month forecast primarily due to disposals in diesel assets, computers and communication equipment.

Site restoration expenses are higher than forecast due to the removal of a large diesel storage tank in Inuvik.

Mid-Year Deferral Accounts are lower than forecast due to the Employee Future Benefits account change as noted in response to TGC.NTPC-64(e).

Customer contributions are higher than forecast due to a government contribution for the Jackfish Mirrlees G1 Overhaul resulting from the extreme low water situation on the Snare Hydro system.

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
Construction Work in-Progress Continuity Schedule (\$000)

Project Name	2014/15 Capital Addition	2015/16 Forecast					2015/16 Actual					2015/16 Actual			
		Opening CWP Balance	2015/16 Expenditures	OH Earned @ 22%	IDC Earned @ 5.68%	2015/16 Capital Addition	Closing CWP Balance	Opening CWP Balance	2015/16 Expenditures	OH Earned @ 22%	IDC Earned @ 5.68%	2015/16 Capital Addition	Closing CWP Balance	Variance from Forecast	Variance Explanations for Project Above \$200K Variance Threshold
Snare/Jackfish System Transient Stability Upgrade	(2,283)														
Distribution System Upgrade	(1,412)														
G1 Engine Replacement Jean Marie River (Engine DD 4-71)	(756)														
Automation/PLC Installation	(155)	30	4	1	1	(35)	30	5			(35)	(0)			
Convert to 3 Phase (Interior of Plant)	(928)														
Tank "F" Bulk Fuel Storage Upgrade		490	128	28	14	(660)	490	130	29	14	(664)	(4)			
Truck Fill Station Tank F			315	27		(342)		293	63		(356)	(14)			
Computerized Maintenance System		2,161	941	207	61	(3,371)	2,161	1,168	257	75	(3,662)	(291)			
Purchase & Install Mod 2.0MW Genset	(2,741)														
Bucket Truck Storage Facility	(313)	373	89	19	11	(491)	373	90	15	12	(490)	1			
T110 Transformer Upgrade		5					5	2	1		(8)	(8)			
Duncan Dam- New Stoplog & Safety	(457)														
Purchase 2 MW load bank Smith		295	218	48	16		295	229	38	15		578			
Engine Reprint Heat Rec	(1,277)														
Inuvik Plant Reliability Improvement	(654)														
Inuvik Road Widening	(539)														
CAT D353 Engine Replacement	(914)	73	229	50	2	(354)	73	243	35	3	(354)				
North Slave Protective Relay Replacement	(416)	253	133	29	7	(423)	253	212		6	(299)	172			
Select & Install Lone Worker		392	215	47	11	(665)	392	286	16	5	(699)	(124)			
Lighting Protection Options		74	274	23	11		74	278	53	11		417			
Upgrade Cascade/Rapid Governor		28	117		4		28	96	21	4		149			
Plant Heating Conversion	(392)	57	98	22	2	(178)	57	(39)	4		(22)	157			
Snare Falls G1 Overhaul		314	5,996	1,319	217		314	6,485	842	204		7,845			
Sewage Lift Station	(288)														
Construction of Modular Power Plant	(468)	5,117	1,343	295	145	(6,900)	5,117	1,780	414	163	(7,475)	(575)			
2MW Mobile Genset		5	110	24		(139)	5	233	51		(288)	(149)			
Upgrade Fuel System	(1,366)	113	351	77	3	(543)	113	357	78	2	(543)	6			
5kV Breaker Replacement		225	188	41	6	(367)	225	191	43	3	(350)	17			
Capital Lease		4	230	51		(285)	4	230	51		(285)				
Snare 5B Spillway Repairs		12	268	59		(339)	12	275	54	1	(342)	(3)			
Snare Cascades Spillway		20	323	71	1	(414)	20	311	68	1	(400)	14			
Bluefish Line Bird Deterrents		48	178	39	1	(266)	48	200	10	6	(265)	1			
Distribution Line to PV Site		269	115	25	8	(416)	269	114	25	8	(416)				
Modular Gensets			2,103	461	73			2,268	295	73		2,635			
2016 Replace/Upgrade IT Equipment			262	58		(320)		266	58		(316)	8			
Replace T3 for ModGensetsConst			1,000	220		(1,220)		1,000	220		(1,220)				
2015 Ft Simpson Bucket Truck			257	57		(314)		283	31		(314)				
LED Streetlight Upgrades			357	79		(435)		206	45		(252)				
Jackfish Mirlees G1 Overhaul								1,791	394		(2,186)	(2,186)			
Capital less than \$250,000	(7,174)	#	5,263	6,997	774	152	(7,192)	5,261	7,059	1,465	231	(7,427)	6,661		
Grand Total	(22,533)		15,619	22,838	4,152	746	(25,669)	15,619	26,044	4,679	838	(28,665)	18,586		
Customer contribution jobs	(693)										(774)				
Capital Inventory	(212)					1,101					1,124				
Total	(23,439)					(24,568)					(28,315)				

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
Revenue Requirement and ROE Reconciliation
(\$000s)

Line No.	Description	2014/15	2015/16		Variance
		Actual	Actual	Forecast	
	Revenues				
1	Sales revenues (incl. GNWT power sales contribution)	100,061	99,783	99,832	(50)
2	Other revenue (incl. government contributions)	1,602	1,729	1,617	112
3	Total Revenues	101,663	101,511	101,449	63
	Costs				
4	Purchase power	3,462	3,278	3,014	264
5	Diesel Fuel	23,704	23,442	23,224	219
6	Operations and maintenance	41,911	42,052	42,786	(734)
7	Depreciation	15,093	16,051	15,764	287
8	Amortization of contributions	(616)	(746)	(647)	(99)
9	Amortization of deferred costs/expenses	5,639	5,731	5,708	23
10	Subtotal	89,193	89,808	89,848	(41)
11	Interest Expense				
12	LTD interest expense and allowance for interest coverage	12,087	12,386	12,213	173
13	Subtotal	12,087	12,386	12,213	173
14	Earnings	384	(682)	(613)	(70)
15	Revenue Requirement	101,663	101,511	101,449	63
16	Common Equity Rate Base	83,414	87,111	84,818	2,293
17	Return on Common Equity	0.5%	-0.8%	-0.7%	-0.1%

Variance Explanations between 2015/16 Forecast and 2015/16 Actual

Interest expense is \$0.173 million higher than forecast due to the increase in rate base.

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
Reconciliation of Utility Income to Audited Financial Statements
(\$000s)

		Audited PSAS	
		Financial	Report of Finances
		Statements	Report of Finances
		A	B
Revenues	p.62 of annual report	106,860	
PSAS - Customer contributions			(774)
PSAS - Insurance proceeds			(1,278)
Disallowed T-line Feas Study Contribution			(214)
Fuel rider revenue			(1,711)
Interest income			(1,548)
Net investment income from Aadrii			39
Adjusted revenues (note 1)	p.62 of annual report; App. 4	<u>106,860</u>	<u>101,374</u>
Expenses	p.62 of annual report	125,157	
PSAS - Amortization of insurance proceeds			(309)
PSAS - Amortization of cust contributions			(746)
PSAS - Regulated assets			4,952
PSAS - ARO			(502)
PSAS - Gains & Losses			(3,737)
PSAS - Fuel previously capitalized			28
Low water related expenses			(20,822)
Corporate donations			(124)
Fuel rider revenue offset			(1,711)
Interest expense adjustment			6
Adjusted expenses	p.62 of annual report; App. 4	<u>125,157</u>	<u>102,192</u>
Government contributions	p.62 of annual report	24,740	
Low water expenses			(20,822)
PSAS - Low water customer contributions			(2,186)
PSAS - GNWT Customer Contributions			(1,594)
Adjusted Government contributions (note 1)		<u>24,740</u>	<u>138</u>
Net income for the year	p.62 of annual report; App. 4	6,443	(680)

Note:

1. Appendix 4 total revenues is a sum of revenues and government contributions.

NORTHWEST TERRITORIES POWER CORPORATION
2015/16 REPORT OF FINANCES
Net Metering Cost Report (in dollars)

Line No		Rate Zone			Total
		Snare	Taltson	Thermal	
	Residential Net Metering Customers				
L1	Sales exported to NTPC's system (kWh)	0	0	104	104
L2	Residential Credit to Customer (\$)	0	0	63	
	General Service Net Metering Customers				
L3	Sales exported to NTPC's system (kWh)	661	29	5,475	6,165
L4	General Service Credit to Customer (\$)	253	5	2,825	
	Estimated Intermittent Generation for Own Consumption				
L5	Installed Capacity (kW)	7.0	0.5	71.2	
L6=L5x1000-(L1+L3)	Estimated Generation at Assumed Solar Potential (1,000 hours/year)	6,339	441	65,641	
L7	Estimated revenue loss from reduced consumption (\$)	2,427	73	33,871	
L8=L2+L4+L7	Total Gross Revenue Loss (\$)	2,680	78	36,759	39,517
L9	Line Loss Adjustment (%)	2.8%	9.4%	10.9%	
L10=(L1+L3+L6)x(1+L9)	Avoided Generation (kWh)	7,196	514	78,983	86,693
L11	Thermal Generation Mix (%)	0.0%	0.0%	100.0%	
L12	Approved Zone Average Fuel Efficiency (kWh/l)	3.650	3.458	3.543	
L13	Approved Zone Average Fuel Price (\$/l)	1.027	1.039	1.145	
L14=(L10xL11)/L12xL13	Avoided Fuel Cost (\$)	0	0	25,525	25,525
L15	Estimated Non-fuel Variable Cost of Generation (cents/kWh)	2.5	2.5	2.5	
L16=L10xL15/100	Avoided Non-fuel Variable Cost (\$)	180	13	1,975	2,167
L17=L14+L16	Total Avoided Cost of Generation (\$)	180	13	27,500	27,692
L18=L8-L17	Net Revenue Loss (\$)	2,500	65	9,259	11,825

Notes:

1. Credits to customers are based on the current non-government retail rates by rate class and rate zone.
2. Line loss adjustment factors are for total line losses, as provided in Schedule 2 of Phase I GRA.
3. Thermal generation mix values by rate zone are based on the load forecast by source of generation approved by the Public Utilities Board in the most recent GRA.
4. The fuel efficiency rates used are those approved by the Public Utilities Board in the most recent GRA.
5. The fuel prices used are those approved by the Public Utilities Board in the most recent GRA.
6. Estimated revenue loss from own consumption is based on current non-government general service retail rate by zone