



May 1, 2017

Northwest Territories
Public Utilities Board
203 - 62 Woodland Drive
Box 4211
Hay River, NT X0E 1G1

**Attention: Mr. Gordon Van Tighem,
Board Chairman**

Dear Sir:

**Re: Northland Utilities (Yellowknife) Limited (“Northland”)
Annual Report of Finances and Operations**

Pursuant to the NWT Public Utilities Act, please find attached the 2016 Annual Report of Finances and Operations for Northland Utilities (Yellowknife) Limited (“Northland”). This report is consistent with the format and content for a Report of Finance Operations as approved by the Board in Decision 13-2014 regarding the Standardized System of Accounts and General Rate Application Minimum Filing Requirements for Electric Utilities operating in the Northwest Territories.

A copy of Northland’s 2015 audited financial statements is also included.

Please contact the undersigned at (780) 420-5432 if you have any questions or concerns.

Yours truly,

Original Signed by

Corinne Severson
Director, Regulatory

Enclosure

cc: D. Tenney, Vice President, Northern Development
D. McHugh, Manager, Northland Utilities (Yellowknife) Limited

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Total Tariff Sales and Revenue

Line No.	Description	2015 Actual	2016 Actual
1	Residential		
2	Customers (average during year)	7,279	7,406
3	Sales in MWh	54,105	53,976
4	MWh sales per customer	7.4	7.3
5	Revenue (\$000s)	18,134	17,780
6	Cents per KWh	33.52	32.94
7	Commercial		
8	Customers (average during year)	1,275	1,295
9	Sales in MWh	102,992	102,786
10	MWh sales per customer	80.8	79.4
11	Revenue (\$000s)	27,294	26,794
12	Cents per KWh	26.50	26.07
13	Street Lights		
14	Sales in MWh	1,072	956
15	Revenue (\$000s)	909	877
16	Cents per KWh	84.81	91.74
17	Space Lights		
18	Sales in MWh	93	95
19	Revenue (\$000s)	37	38
20	Cents per KWh	39.83	40.27
21	Total Company		
22	Customers	8,553	8,701
23	Sales in MWh	158,262	157,813
24	Revenue (\$000s)	46,375	45,488
25	Cents per KWh	29.30	28.82
26	Retail Revenues	46,375	45,488
27	Rate Increase from Existing Rates	-	-
28		46,375	45,488

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Revenue Requirement and ROE Reconciliation
(\$000s)

Line No.	Description	2015 ⁽¹⁾ Actual	2016 Actual
1	Revenues		
2	Retail revenues	46,375	45,488
3	Other revenue	536	571
4	Total Revenues	<u>46,911</u>	<u>46,059</u>
5			
6	Costs		
7	Purchase power	35,317	34,216
8	Operations and maintenance	3,828	3,545
9	Franchise taxes	1,054	1,024
10	Property taxes	72	72
11	Depreciation	2,777	2,812
12	Amortization of contributions	(170)	(181)
13	Amortization of deferred costs/credits	111	111
14	Income taxes	539	677
15	Sub total	<u>43,528</u>	<u>42,275</u>
16			
17	Less:		
18	Long-term debt interest	1,413	1,399
19	Interest on deposits	8	8
20	Sub total	<u>1,421</u>	<u>1,407</u>
21			
22	Regulatory Earnings	1,962	2,376
23			
24	Revenue Requirement	<u><u>46,911</u></u>	<u><u>46,059</u></u>
25			
26			
27	Common Equity Rate Base	19,411	19,270
28			
29	Return on Common Equity	10.11%	12.33%

(1) In the 2015 Annual Filing (filed April 29, 2016) some amounts were incorrectly reflected as capital expenditures but should have been in working capital. The error has been corrected in this filing, resulting in marginally different results for 2015 than what was previously filed.

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Total Operations and Maintenance Expenses
(\$000s)

Line No.	Description	2015	2016		
		Actual	Actual	Varaince	
1	Generation	-	-	-	
2	Transmission	-	-	-	
3	Distribution	896	658	238	L.37
4	General	223	195	28	
5	Public Information	144	138	5	
6	Billing & Customer Accounting	1,213	1,064	149	L.38
7	Corporate	1,376	1,507	(131)	L.39
8		<u>3,852</u>	<u>3,563</u>		
9	<u>Less:</u>				
10	Donations in account 70150/72100	(24)	(18)	(6)	
11		<u>3,828</u>	<u>3,545</u>		
12					
13	Adjustment/Disallowance etc	-	-	-	
14					
15	Total operations and maintenance expenses	<u>3,828</u>	<u>3,545</u>	<u>283</u>	

Variance > \$50:

37 Distribution expenses are lower in 2016 compared to 2015 mainly due to vacancies and deferred maintenance costs due to lack of resources.

39 Billing & Customer Accounting expenses are lower in 2016 compared to 2015 mainly due to vacancies and a lower uncollectable accounts.

41 Corporate expenses are higher in 2016 compared to 2015 due to relocation costs incurred to fill vacant positions.

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Plant Amortization Expense
(\$000s)

Line No.	Description	2015 Actual	2016 Actual
1	General Provision	2,604	2,639
2	Amortization of Differences	214	214
3	Vehicle Depreciation Capitalized	(40)	(41)
4	Total Depreciation Expense	<u>2,777</u>	<u>2,812</u>

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Return on Rate Base
(\$000s)

Line No.	Description	Mid-Year Balance	Ratio	Mid-Year Rate Base	Mid-Year Cost Rate	Return
1	<u>2015 Actual</u>					
2	Long Term Debt	25,163	55.82%	25,336	5.58%	1,413
3	Common Stock	19,279	42.76%	19,411	10.11%	1,962
4	Customer Deposits	506	1.12%	509	1.50%	8
5	No Cost Capital	135	0.30%	136	0.00%	-
6	Total	<u>45,082</u>	<u>100%</u>	<u>45,393</u>	<u>7.45%</u>	<u>3,384</u>
7	<u>2016 Actual</u>					
8	Long Term Debt	25,163	55.42%	24,764	5.65%	1,399
9	Common Stock	19,580	43.12%	19,270	12.33%	2,376
10	Customer Deposits	530	1.17%	521	1.50%	8
11	No Cost Capital	135	0.30%	133	0.00%	-
12	Total	<u>45,408</u>	<u>100%</u>	<u>44,688</u>	<u>8.47%</u>	<u>3,783</u>

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Mid-Year Capitalization Continuity
(\$000s)

Line No.		<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
1	Common Equity		
2	Opening Balance	19,158	19,399
3	Shares Issue	-	-
4	Net Income	1,941	2,413
5	Less: Dividends	<u>(1,700)</u>	<u>(2,050)</u>
6	Closing Balance	<u>19,399</u>	<u>19,762</u>
7	Mid-Year Balance	19,279	19,580
8			
9	Debt- Long Term		
10	Opening Balance	25,163	25,163
11	Issue	-	-
12	Repayment	-	-
13	Closing Balance	<u>25,163</u>	<u>25,163</u>
14	Mid-Year Balance	25,163	25,163
15			
16	Customer Deposits		
17	Opening Balance	481	531
18	Additions	175	151
19	Payments	<u>(125)</u>	<u>(153)</u>
20	Closing Balance	<u>531</u>	<u>529</u>
21	Mid-Year Balance	506	530
22			
23	No Cost Capital		
24	Mid-Year Balance	135	135
25			
26	Total Mid-Year Capitalization	<u>45,082</u>	<u>45,408</u>

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Income Tax Expense
(\$000s)

Line No.	Description	2015 Actual	2016 Actual
1	Utility Earnings Before Tax	2,502	3,053
2	Add : AFUDC	17	40
3		<u>2,519</u>	<u>3,093</u>
4	Add:		
5	Depreciation	2,777	2,813
6	Amortization of Contributions	(170)	(181)
7	Non-allowable Expenses	20	30
8	Plant Maintenance Reserve Amortization	-	-
9	Rate Case Write-off	111	111
10	Injuries & Damages Write-off	-	-
11	Charges to Deferred Pension	138	57
12	Sub-total	<u>2,876</u>	<u>2,830</u>
13	Deduct:		
14	CCA	2,772	2,657
15	Plant Maintenance Reserve Charges	-	-
16	Rate Case Expenditure	8	-
17	Reserves for Injuries & Damages	-	-
18	Pension Payments	160	126
19	CEC	5	4
20	Dismantling Costs	42	72
21	AFUDC	17	40
22	Rainbow	-	-
23	ES&G	276	303
24	Donations	13	10
25	Proceeds of Disposal	-	(47)
26	Stock Handling	76	116
27	Sub-total	<u>3,367</u>	<u>3,282</u>
28	Taxable Income	2,028	2,641
29	Tax Rate	26.50%	26.50%
30	Other Adjustments	1	(23)
31	Income Tax	<u><u>539</u></u>	<u><u>677</u></u>

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
Rate Base Calculation
(\$000s)

Line No.	Description	2015 Actual	2016 Actual
1	Property, Plant and Equipment		
2	Year End Balance	76,734	79,746
3	Deduct:		
4	Accumulated Depreciation	25,104	27,573
5	Construction-in-Progress	604	836
6	Reserves for future removal and site restoration	2,303	2,496
7	Total Deductions	<u>28,011</u>	<u>30,905</u>
8	Net Plant in Service		
9	Current Year End Balance	48,724	48,841
10	Previous Year End Balance	49,595	48,724
11	Total	<u>98,318</u>	<u>97,565</u>
12	Mid-Year Balance	49,159	48,782
13	Mid-year Rate Deferred Charges/Credits	(107)	(214)
14	Working Capital	<u>914</u>	<u>924</u>
15	Gross Rate Base	49,966	49,492
16	Deduct:		
17	Contributions for Extensions		
18	Current Year-End Balance	4,710	4,897
19	Previous Year-End Balance	4,436	4,710
20	Total	<u>9,147</u>	<u>9,608</u>
21	Mid-Year Balance	<u>4,573</u>	<u>4,804</u>
22	Net Rate Base	<u><u>45,393</u></u>	<u><u>44,688</u></u>

Northland Utilities (NUY) Limited
Annual Filing for the Year Ended December 31, 2016
CWIP Continuity
(\$000)

Line No.	Description	2015 ⁽¹⁾				2016		
		Actual				Actual		
		Opening Balance	Capital Expend	Capital Adds	Closing Balance	Capital Expend	Capital Adds	Closing Balance
1	New Extension							
2	BWO 1 Phase Res O/H Ser	(9)	24	(15)	-	8	(8)	-
3	BWO 1 PHASE RESIDENTIAL UNDERGROUND SERVICE	-	27	(27)	-	24	(24)	-
4	BWO 3 Phase Comm Serv	(6)	17	(11)	-	13	(13)	-
5	GRANITE APARTMENTS	6	48	(54)	-	-	-	-
6	FRED HENNE LOOP	4	200	(204)	-	-	-	-
7	TWIN PINE HILLS	-	186	(186)	-	-	-	-
8	HOMES NORTH KAM LAKE PHASE 3	-	135	(135)	-	-	-	-
9	STANTON HOSPITAL EXPANSION	-	96	(96)	-	190	(190)	-
10	MOYLE DRIVE 19 PLEX	-	51	(51)	-	-	-	-
11	OLD ARENA ICE PLANT	-	30	(30)	-	-	-	-
12	NOVA HOTEL	-	18	(18)	-	87	(87)	-
13	GRACE LAKE SOUTH PH1	-	5	-	5	291	(295)	-
14	HOMES NORTH PHASE 4	-	-	-	-	166	(166)	-
15	HORDAL BAGON EXTENSION	-	-	-	-	145	(145)	-
16	TWIN PINE HILLS PHASE 2	-	-	-	-	116	(116)	-
17	125 EAGLE DR	-	-	-	-	61	(61)	-
18	BARTHAM MOTEL	-	-	-	-	49	(49)	-
19	NOVA APARTMENT	-	-	-	-	28	-	28
20	OTHER PROJECTS LESS THAN \$20,000	29	57	(84)	2	124	(126)	-
21	New Extension Total	24	894	(912)	6	1,301	(1,279)	28
22	Distribution							
23	RECONDUCTOR SECONDARIES	6	67	(73)	-	(9)	9	-
24	POLE TEST & TREAT	-	47	(47)	-	27	(27)	-
25	54 STREET ALLEY	-	24	(24)	-	7	(7)	-
26	COOPER VFI	-	7	-	7	238	-	246
27	SCHOOLDRAW UNDERGROUND	6	6	-	12	210	-	222
28	OTTO DRIVE	-	-	-	-	158	-	158
29	NOVA TIE	-	-	-	-	54	-	54
30	SWITCHES & BIRD PROTECT	-	-	-	-	53	(53)	-
31	MISC POLE REPLACEMENTS	39	(15)	(24)	-	56	(56)	-
32	PULL JOINT USE POLES	136	(85)	(51)	-	-	-	-
33	OTHER PROJECTS LESS THAN \$20,000	6	3	(6)	4	(104)	121	20
34	Distribution Total	193	54	(225)	23	689	(12)	700

Line No.	Description	2015 ⁽¹⁾				2016		
		Opening Balance	Capital Expend	Capital Adds	Closing Balance	Capital Expend	Capital Adds	Closing Balance
35	Street & Sentinel Lights							
36	2016 LED STREET LIGHTS	-	574	-	574	199	(774)	-
37	STREET LIGHTS 52 AVE	-	154	(154)	-	1	(1)	-
38	2015 LED STREET LIGHTS	-	139	(139)	-	-	-	-
39	STREET LIGHTS HORTON CRESCENT	-	111	(111)	-	-	-	-
40	STREET LIGHTS FORREST DRIVE	-	46	(46)	-	-	-	-
41	STREET LIGHTS SKI CLUB PHASE 3	-	32	(32)	-	2	(2)	-
42	STREET LIGHTS CURRY & CORONATION	-	30	(30)	-	-	-	-
43	STREET LIGHT 2015 ADDITIONS	-	24	(24)	-	1	(1)	-
44	STREET LIGHTS NIVEN TRAIL	-	24	(24)	-	93	(93)	-
45	STREET LIGHTS FRANKLIN AVE	-	23	(23)	-	-	-	-
46	ST LT TESTING & REPAIRS	-	-	-	-	61	(61)	-
47	ST LTS CON ROAD	-	-	-	-	56	(56)	-
48	ST LT GRACE LAKE PH1	-	-	-	-	42	(42)	-
49	ST LT HOMES NORTH	-	-	-	-	39	(39)	-
50	ST LIGHTS LEMAY DR	-	-	-	-	39	(39)	-
51	ST LTS HORDAL BAGON	-	-	-	-	36	(36)	-
52	ST LIGHT HIGHWAY 4	-	-	-	-	21	-	21
53	OTHER PROJECTS LESS THAN \$20,000	-	22	(22)	1	53	(27)	26
54	Street & Sentinel Lights Total	-	1,180	(605)	575	643	(1,170)	48
55	Meters							
56	CAPITAL METER ADDS	-	54	(54)	-	54	(54)	-
57	Meters Total	-	54	(54)	-	54	(54)	-
58	Transformers							
59	REPLACE BURNT OUT TRANSFORMERS	-	25	(25)	-	85	(85)	-
60	SALE OF 1.5MVA STEP DOW	-	-	-	-	60	-	60
61	Transformers Total	-	25	(25)	-	145	(85)	60
62	Transportation Equipment							
63	PURCHASE NEW CABLE PULL	-	46	(46)	-	-	-	-
64	PURCHASE A NEW BACKHOE	-	-	-	-	206	(206)	-
65	ELECTRICAL TECH VEHICLE	-	-	-	-	51	(51)	-
66	REPLACE UNIT 1128	-	-	-	-	47	(47)	-
67	OTHER PROJECTS LESS THAN \$20,000	-	4	(4)	-	6	(6)	-
68	Transportation Equipment Total	-	50	(50)	-	310	(310)	-
69	Tools, Instruments & Equipment Total	-	30	(30)	-	29	(29)	-
70	Land & Buildings Total	-	5	(5)	-	6	(6)	-
71	Grand Total	217	2,291	(1,904)	604	3,178	(2,946)	836

Notes

Line No.	Description	2015 ⁽¹⁾			2016		
		Opening Balance	Capital Expend	Capital Adds	Closing Balance	Capital Expend	Capital Adds

(1) In the 2015 Annual Filing (filed April 29, 2016) some amounts were incorrectly reflected as capital expenditures but should have been in working capital. The error has been corrected in this filing, resulting in marginally different results for 2015 than what was previously filed.

NORTHLAND UTILITIES (NUY) LIMITED
Annual Filing for the Year Ended December 31, 2016
Reconciliation of Utility Return to Adjusted Net Earnings
(\$000s)

Line No.	Description	2015	2016
1	Regulatory earnings	3,384	3,783
2	Add Non Utility Income:		
3	Allowance for Funds Used During Construction	17	40
4	Other Interest	(30)	36
		<u>(13)</u>	<u>76</u>
5	Sub-Total	3,370	3,859
6	Less Non Utility Expenses:		
7	Interest to Parent	1,421	1,421
8	Short Term Interest to Parent	6	(5)
9	Non Utility O&M	24	18
10	OPEB Regulatory Assets Written Off	14	10
		<u>1,465</u>	<u>1,444</u>
11	Sub-Total	1,905	2,415
12	Add Income Tax Adjustment:		
13	Tax on Net Non Utility Income	21	(12)
		<u>21</u>	<u>(12)</u>
14	Adjusted Earnings Attributable to Class A and Class B Share Owners	<u><u>1,926</u></u>	<u><u>2,403</u></u>