

April 30, 2020

Mr. Gordon Van Tighem, Chair
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 (NWT) Limited (Northland)
Annual Report of Finances and Operations**

Pursuant to the NWT Public Utilities Act, please find attached the 2019 Annual Report of Finances and Operations for Northland Utilities (NWT) 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 2019 audited financial statements is also included.

If you have any questions, please contact me at chris.cullingham@atco.com.

Yours truly,

Chris Cullingham
Manager, Regulatory

Enclosure

cc: D. Tenney, Vice President, Northern Development
R. Stanley, Manager, Northland Utilities (NWT) Limited

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Total Tariff Sales and Revenue

Line No.	Description	2018 Actual	2019 Actual
1	Residential		
2	Customers (average during year)	2,053	2,005
3	Sales in MWh	11,558	11,478
4	MWh sales per customer	5.6	5.7
5	Revenue (\$000s)	5,521	5,568
6	Cents per KWh	47.76	48.51
7	Commercial		
8	Customers (average during year)	632	631
9	Sales in MWh	21,769	21,392
10	MWh sales per customer	34.4	33.9
11	Revenue (\$000s)	6,574	6,509
12	Cents per KWh	30.20	30.43
13	Street lights		
14	Sales in MWh	556	552
15	Revenue (\$000s)	369	373
16	Cents per KWh	66.33	67.57
17	Space lights		
18	Sales in MWh	194	190
19	Revenue (\$000s)	80	80
20	Cents per KWh	41.26	42.11
21	Total Company		
22	Customers	2,686	2,636
23	Sales in MWh	34,077	33,612
24	Revenue (\$000s)	12,544	12,530
25	Cents per KWh	36.81	37.28
26	Retail Revenues	12,544	12,530

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Revenue Requirement and ROE Reconciliation
(\$000s)

Line No.	Description	2018 <u>Actual</u>	2019 <u>Actual</u>
1	Revenues		
2	Retail revenues	12,544	12,530
3	Other revenue	262	264
4	Total Revenues	<u>12,806</u>	<u>12,794</u>
5			
6	Costs		
7	Purchase power	3,829	3,765
8	Diesel fuel	1,551	1,527
9	Operations and maintenance	4,264	4,033
10	Franchise taxes	312	324
11	Property taxes	51	49
12	Depreciation	1,453	1,494
13	Amortization of contributions	(123)	(122)
14	Amortization of deferred costs/credits	320	320
15	Income taxes	5	409
16	Sub total	<u>11,661</u>	<u>11,799</u>
17			
18	Less:		
19	Long-term debt interest	529	422
20	Interest on deposits	3	3
21	Sub total	<u>532</u>	<u>425</u>
22			
23	Regulatory Earnings	612	570
24			
25	Revenue Requirement	<u><u>12,806</u></u>	<u><u>12,794</u></u>
26			
27			
28	Common Equity Rate Base	6,798	6,716
29			
30	Return on Common Equity	9.01%	8.49%

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Total Operations and Maintenance Expenses
(\$000s)

Line No.	Description	2018	2019	
		Actual	Actual	Variance
1	Generation	984	1,028	(44)
2	Transmission	64	57	7
3	Distribution	1,069	1,028	41
4	General	38	40	(2)
5	Public Information	82	93	(11)
6	Billing & Customer Accounting	407	449	(42)
7	Corporate	1,632	1,347	285
8		<u>4,275</u>	<u>4,042</u>	233
9	<u>Less:</u>			
10	Donations in account 70150/72100	<u>(11)</u>	<u>(9)</u>	<u>(2)</u>
11		4,264	4,033	231
12				
13	Adjustment/Disallowance etc	<u>-</u>	<u>-</u>	<u>-</u>
14				
15	Total Operations and Maintenance Expenses	<u>4,264</u>	<u>4,033</u>	<u>231</u>
16				
17	<u>Variance > \$50:</u>			
18	Corporate - Costs are lower mainly due to no restructuring costs in 2019, savings in bank fees on credit card			
19	charges and lower IT support costs.			

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Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Plant Amortization Expense
(\$000s)

Line No.	Description	2018 Actual	2019 Actual
1	General Provision	1,492	1,525
2	Amortization of Differences	(27)	(27)
3	Vehicle Depreciation Capitalized	<u>(12)</u>	<u>(4)</u>
4	Total Depreciation Expense	<u><u>1,453</u></u>	<u><u>1,494</u></u>

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Return on Rate Base
(\$000s)

Line No.	Description	Mid-Year Balance	Ratio	Mid-Year Rate Base	Mid-Year Cost Rate	Return
1	<u>2018 Actual</u>					
2	Long Term Debt	9,300	56.98%	9,269	5.71%	529
3	Common Stock	6,821	41.79%	6,798	9.01%	612
4	Customer Deposits	202	1.24%	201	1.50%	3
5	Total	<u>16,323</u>	<u>100%</u>	<u>16,268</u>	<u>7.04%</u>	<u>1,145</u>
6	<u>2019 Actual</u>					
7	Long Term Debt	9,230	56.49%	8,959	4.73%	422
8	Common Stock	6,919	42.35%	6,716	8.49%	570
9	Customer Deposits	190	1.16%	184	1.50%	3
10	Total	<u>16,339</u>	<u>100%</u>	<u>15,859</u>	<u>6.27%</u>	<u>995</u>

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Mid-Year Capitalization Continuity
(\$000s)

Line No.		<u>2018</u> Actual	<u>2019</u> Actual
1	Common Equity		
2	Opening Balance	6,800	6,842
3	Shares Issue	-	-
4	Net Income	679	554
5	Less: Dividends	(638)	(400)
6	Adjustment to Placeholder ROE and Capital Structure	-	-
7	Closing Balance	<u>6,842</u>	<u>6,996</u>
8	Mid-Year Balance	6,821	6,919
9			
10	Debt- Long Term		
11	Opening Balance	9,300	9,300
12	Issue	-	5,110
13	Repayment	-	(5,250)
14	Adjustment to Placeholder ROE and Capital Structure	-	-
15	Closing Balance	<u>9,300</u>	<u>9,160</u>
16	Mid-Year Balance	9,300	9,230
17			
18	Customers Deposit		
19	Opening Balance	210	194
20	Additions	64	44
21	Payments	(80)	(52)
22	Closing Balance	<u>194</u>	<u>186</u>
23	Mid-Year Balance	202	190
24			
25	No Cost Capital		
26	Mid Year balance	-	-
27			
28	Total Mid-Year Capitalization	<u>16,323</u>	<u>16,339</u>

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Income Tax Expense
(\$000s)

Line No.	Description	2018 Actual	2019 Actual
1	Utility Earnings Before Tax	618	979
2	Add : AFUDC	10	13
		<u>627</u>	<u>992</u>
3	Add:		
4	Depreciation	1,473	1,494
5	Amortization of Contributions	(123)	(121)
6	Non-allowable Expenses	16	30
7	Plant Maintenance Reserve Amortization	58	58
8	Rate Case Write-off	226	226
9	Injuries & Damages Write-off	35	35
10	Allowance for doubtful debts	-	29
11	Charges to Deferred Pension	121	138
12	Sub-total	<u>1,805</u>	<u>1,889</u>
13	Deduct:		
14	CCA	996	973
15	Plant Maintenance Reserve Charges	44	27
16	Pension Payments	144	166
17	Post Retirement Benefits Payment	-	2
18	Dismantling Costs	36	91
19	AFUDC	10	13
20	Study Costs	27	-
21	Bad debts Write-off	-	9
22	Change in deferral/rider balances	228	-
23	Franchise Renewal Costs	257	73
24	ES&G	185	196
25	Stock Handling	28	3
26	Sub-total	<u>1,956</u>	<u>1,553</u>
27	Taxable Income	477	1,328
28	Tax Rate	26.50%	26.50%
29	Current Income Tax	126	352
30	Other Adjustments		
31	Prior Year (Over)/Under Provision	(121)	57
32	Total Income Tax Expense	<u><u>5</u></u>	<u><u>409</u></u>

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
Rate Base Calculation
(\$000s)

Line No.	Description	<u>2018</u> Actual	<u>2019</u> Actual
1	Property, Plant and Equipment		
2	Year End Balance	39,450	39,354
3	Deduct:		
4	Accumulated Depreciation	21,439	22,080
5	Construction-in-Progress	318	340
6	Total Deductions	<u>21,757</u>	<u>22,420</u>
7	Net plant in Service		
8	Current year-end balance	17,693	16,934
9	Previous year-end balance	18,658	17,693
10	Total	<u>36,352</u>	<u>34,627</u>
11	Mid-year balance	18,176	17,314
12	Mid-year rate deferred charges/credits	(458)	(741)
13	Working capital	<u>540</u>	<u>1,297</u>
14	Gross Rate Base	18,258	17,870
15	Deduct:		
16	Contributions for extensions		
17	Current year-end balance	2,010	2,012
18	Previous year-end balance	1,969	2,010
19	Total	<u>3,979</u>	<u>4,022</u>
20	Mid-year balance	<u>1,990</u>	<u>2,011</u>
21	Net Rate Base	<u><u>16,268</u></u>	<u><u>15,859</u></u>

Northland Utilities (NWT) Limited
Annual Filing for the Year Ended December 31, 2019
CWIP Continuity
(\$000s)

Line No.	Description	2018			2019			
		Opening Balance	Capital Expend	Capital Adds	Closing Balance	Capital Expend	Capital Adds	Closing Balance
1	New Extension							
2	BWO O/H Services	-	6	(6)	-	1	(1)	-
7	SK New Development	-	50	(50)	-	(15)	15	-
8	FT Prov Duplexes	-	13	(13)	-	-	-	-
9	Arena Line Move	-	125	(125)	-	-	-	-
10	Lady Evelyn Campground	-	5	(5)	-	-	-	-
11	SK Charles Tetcho Schoo	-	6	(6)	-	28	(28)	-
12	Fleet Maximo - NWT		5	-	5	5	-	10
13	Dean Drive		40	-	40	12	(52)	-
14	HR - Dean Drive - Part 2		40	-	40	23	(63)	-
15	HR - Pavilion		-	-	-	8	-	8
16	Apsen Drive new transformer		-	-	-	32	-	32
17	Aurora Pellet Mill		-	-	-	125	-	125
18	SK Health Clinic		11	-	11	3	(14)	-
19	Other Projects Less Than \$5,000	-	1	(1)	-	7	(2)	4
20	New Extension Total	-	301	(205)	96	228	(145)	179
21	Generation							
22	H.R Plant New Boiler	14	(4)	(10)	-	-	-	-
23	Portable Emergency Gens	20	(6)	(14)	-	-	-	-
24	Ion 7550 Wekweti Main F	8	(0)	-	8	3	-	11
25	CUL#570 Overhaul	42	(13)	(29)	-	-	-	-
26	Dory Point CUL 364 Repl	13	(4)	(9)	-	-	-	-
27	CUL#324 Rad Refurbishme		17	(17)	-	-	-	-
28	Sambaa K'e CUL 461 Replacement		75	-	75	15	(90)	-
29	DP CUL 465 Replacement		25	-	25	21	(46)	-
30	Wekweti-Genset CUL-459		48	-	48	5	(52)	-
31	HR - Plant Coolant Upgrade	-	-	-	-	19	-	19
32	CUL 197 Hay River Plant Work	-	-	-	-	66	(66)	-
33	NWT Renewable Integration Study	6	0	-	6	2	-	8
34	Other Projects Less Than \$5,000	91	(75)	(10)	7	2	(3)	6
35	Generation Total	194	63	(89)	168	132	(256)	44
36	Transmission							
37	6L10 Pole Replacement	-	-	-	-	7	(7)	-
38	Other Projects Less Than \$5,000	3	0	-	3	1	-	4
39	Transmission Total	3	0	-	3	8	(7)	4
40	Distribution							
41	Pole Test and Treat 201		32	(32)	-	-	-	-
42	FP - Stepup Platform Su		74	(74)	-	(2)	2	-
43	Forrest Drive Line Relocation		19	(19)	-	5	(5)	-
44	Two Season Easement		14	-	14	14	(28)	-
45	HR Pole Test and Treat	-	-	-	-	58	(58)	-
46	HR - NWTEL Fiber Role Out	-	-	-	-	42	(42)	-
47	2019 Pole Change	-	0	-	-	15	(15)	-
48	HR - Gang Switch Replacement		-	-	-	14	-	14
49	HR - 2019 Switch Changes		-	-	-	12	-	12
50	Pine Point Bridge Temporary Power	-	2	-	2	15	-	16
51	HR - Morin Place		-	-	-	7	-	7
52	Enterprise Scale Lights	6	(10)	3	-	32	(32)	-
53	Other Projects Less Than \$5,000	4	2	(6)	-	1	-	1
54	Distribution Total	10	134	(129)	16	214	(178)	51

Line No.	Description	2018				2019		
		Opening Balance	Capital Expend	Capital Adds	Closing Balance	Capital Expend	Capital Adds	Closing Balance
55	Billing & Customer Accounting	-	-	-	-	-	-	-
56	Street & Sentinel Lights							
57	BWO Street Lights	-	-	-	-	8	(8)	-
58	KFN - Street lighting	-	-	-	-	12	-	12
59	Trout Lake Lights 2018	-	29	-	29	11	-	40
60	Transportation Equipment - Vehicle transfer	-	-	-	-	45	(45)	-
61	Other Projects Less Than \$5,000	-	1	-	0	4	(4)	0
62	Street & Sentinel Lights Total	-	30	-	29	81	(58)	53
63	General Property and Equipment							
64	BWO GP&E	-	9	(6)	3	(3)	-	-
65	Oracle Fusion - NWT	16	19	(35)	-	-	-	-
66	FP - Site Security	-	-	-	-	10	-	10
67	My Account - NWT	-	3	-	3	25	(28)	-
68	Other Projects Less Than \$5,000	3	(3)	(0)	-	-	-	-
69	Total General Property and Equipment	20	28	(42)	6	32	(28)	10
70	Meters							
71	NWT Capital Meters	-	16	(16)	-	-	-	-
	Other Projects Less Than \$5,000	-	-	-	-	-	-	-
72	Meters Total	-	16	(16)	-	-	-	-
73	Grand Total	227	572	(481)	318	696	(674)	340

NORTHLAND UTILITIES (NWT) LIMITED
Annual Filing for the Year Ended December 31, 2019
Reconciliation of Utility Return to Adjusted Net Earnings
(\$000s)

Line No.	Description	2018	2019
1	Regulatory Earnings	1,145	995
2	Add Non Utility Income:		
3	Allowance for Funds Used During Construction	10	13
4	Other Interest	6	-
5		<u>16</u>	<u>13</u>
6	Sub-Total	1,161	1,008
7	Less Non Utility Expenses:		
8	Interest to Parent	541	422
9	Short Term Interest to Parent	-	25
10	Non Utility O&M	25	9
11	OPEB Regulatory Assets Written Off	10	9
12	Severance	(91)	-
13		<u>486</u>	<u>465</u>
14	Sub-Total	674	543
15	Add Income Tax Adjustment:		
16	Tax on Net Non Utility Income	5	11
17	Adjusted Earnings Attributable to Class A and Class B Share Owners	<u>679</u>	<u>554</u>