

## **NTPC Review validates Corporate performance**

**Yellowknife, NT** – The Government of the Northwest Territories has released the NTPC Review Report which concludes the Power Corporation is performing well in key areas like generation, reliability, cost of service, business management, financial responsibility, and managing capital assets.

“The report makes some recommendations that we’ll examine and implement where practical. But overall the report says we’re doing a pretty good job,” says Leon Courneya, NTPC’s President and Chief Executive Officer.

The Review Panel interviewed external stakeholders, industry agencies, elected officials and NTPC staff and poured over thousands of pages of reports before reaching its conclusions.

*“Overall, the Panel believes that NTPC generally does a good job in relation to its mandate. Many examples could be cited to show positive operation outcomes,”* states the Report.

The Review findings also confirm that the current system of regulatory oversight by the Public Utilities Board is working well in relation to the Corporation’s investments, operations and efficiency and is providing ratepayers with the required checks and balances.

“NTPC is affected by the same economic factors that make the cost of goods and services a concern across the North. We’re constantly on the lookout for new technologies that will reduce customer costs. But there’s no silver bullet, no single solution. It’s a lot of little improvements that add up to savings and we search for ways to reduce costs or improve efficiencies everyday,” says Courneya.

The government-appointed Review Panel consisted of three appointees who collectively have more than 100 years of senior management experience in the utilities, energy and government sectors.

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**NORTHWEST TERRITORIES POWER CORPORATION**

- NTPC was created by an Act of the Legislature on May 05, 1988 and acquired the shares of the former Northern Canada Power Commission (a federal agency). In 1989 the head office was moved from Edmonton to Hay River.
- Since inception the Corporation has:
  - Borrowed \$289 million and repaid \$164 million including, in full, the \$53 million acquisition debt;
  - Paid more than \$80 million in dividends to the GNWT; and
  - Invested more than \$225 million in plant and equipment.
- Capital additions over the past 20 years include seven new power plants, a natural gas plant, 80 diesel engines, and the Snare Cascades and Bluefish hydro systems.
- Net book value of assets: \$262 million (2008/09 Annual Report).
- NPTC operates 28 separate power systems, serving a population of approximately 42,000 over a region that spans more than 1.1 million square kilometres.
- The Corporation serves approximately 8,800 customers directly and sells electricity to Northland Utilities for distribution to customers in Yellowknife and Hay River.
- Since 1990, NTPC has reduced its total diesel generation from 38% to 12% and increased its total hydro generation to 79% from 60%. (*These improvements exclude the impact of division.*)
- Since 1990 the Corporation has cut greenhouse emissions by more than half (54%). (*This improvement excludes the impact of division.*)
- The Corporation has received national recognition for safety and environmental initiatives.
- Major metrics (2007/08 General Rate Application):

Expenses

Generation & Transmission Operations and Maintenance	\$15,556,707 (19.2%)
Distribution Operations and Maintenance	\$4,673,851 (5.8%)
Fuel and Purchased Power	\$18,058,927 (22.3%)
Amortization and Interest Expense	\$23,056,669 (28.4%)

*(Brackets represent % of revenue requirement; i.e. all revenue collected through customer rates)*

Sales and Revenue

MWh Sales:	313,172
Total Revenue Requirement:	\$81,117,154 (100%)
Average Cost of Electricity:	25.9 (cents/kWh)

## **REVIEW OF THE NORTHWEST TERRITORIES POWER CORPORATION**

### **Review Panel's Terms of Reference**

In June, 2009 the government appointed a three-person panel to review NTPC's operations, efficiency, cost of service and areas of performance.

The following were identified by government as areas of primary interest for the panel:

- NTPC's operational efficiency;
- Reasons for the structure of the Government's group of power companies, of which NTPC is a part;
- Board of Directors' and management approach to the business and corporate objectives;
- Assets, including related debt financing, life-cycle and depreciation, interest costs, asset condition, growth needs, etc; and
- NTPC's ability to respond to communities, residents, and customers, including the efforts that it puts into communications and their relevance.

The terms of reference also identified a comprehensive list of specific operating elements for review including fuel, alternative energy, capital assets, safety, corporate overheads and head office costs.

The review was coordinated through the Ministers' Energy Coordinating Committee. Complete Terms of Reference are included in the NTPC Panel Report.

### **Conclusions of the NTPC Review Panel**

The Review Panel shaped its findings around 13 recommendations based on dozens of conclusions. Some recommendations and conclusions were directed to government. The following represents a selection of conclusions related to NTPC's operations and efficiencies.

- NTPC's cost of service is lower or in line with other utilities.
- The panel concludes the NTPC has done a good job in fuel management.
- The Panel concludes that the Corporation has done a good job generating power.
- NTPC has an excellent record of getting power back up quickly.
- The Panel concludes that NTPC is a reliable power provider.
- We concluded that NTPC's safety policies and procedures rate among the best we have seen.
- Even with the market volatility in the past year or so, the Corporation appears to have adequately managed its cash flows and debt loads.
- It is our view that the current policy suite guiding NTPC serves as a solid framework for operations.
- The Panel believes that NTPC's Hay River head office costs are appropriate to the Corporation.
- Senior managers need to consider whether they invest enough face-time with other businesses, communities, and elected officials.