



Market Forces

A lot of factors go into providing you with a safe, reliable supply of electricity. All of them affect the cost of power.

But the biggest factors behind high power costs are market forces: a small customer base, a large geographic area, and high fuel costs.

Few Canadian utilities ever face this triple threat. For us it's a way of life.

And every day we look for new ways to offset market forces through technology, streamlined operations and, where possible, alternate fuels.

In Inuvik, for example, we converted generation from diesel to natural gas. The conversion saves customers \$3 million per year compared to producing the same amount of electricity with diesel.

Despite the cost savings, the cost power is high for Inuvik customers: 52.45 cents per kilowatt hour (kWh).



Around Great Slave Lake we generate hydro electricity at rates comparable to the south.

For instance, we sell hydro electricity to Northland Utilities at 7.37 cents per kWh in Hay River and 13.46 cents in Yellowknife.

As you can see by the graph, the average cost of all electricity sold by NTPC – natural gas, hydro and diesel – is about 26 cents per kWh.

Market forces have a huge impact on small communities served by diesel generation.

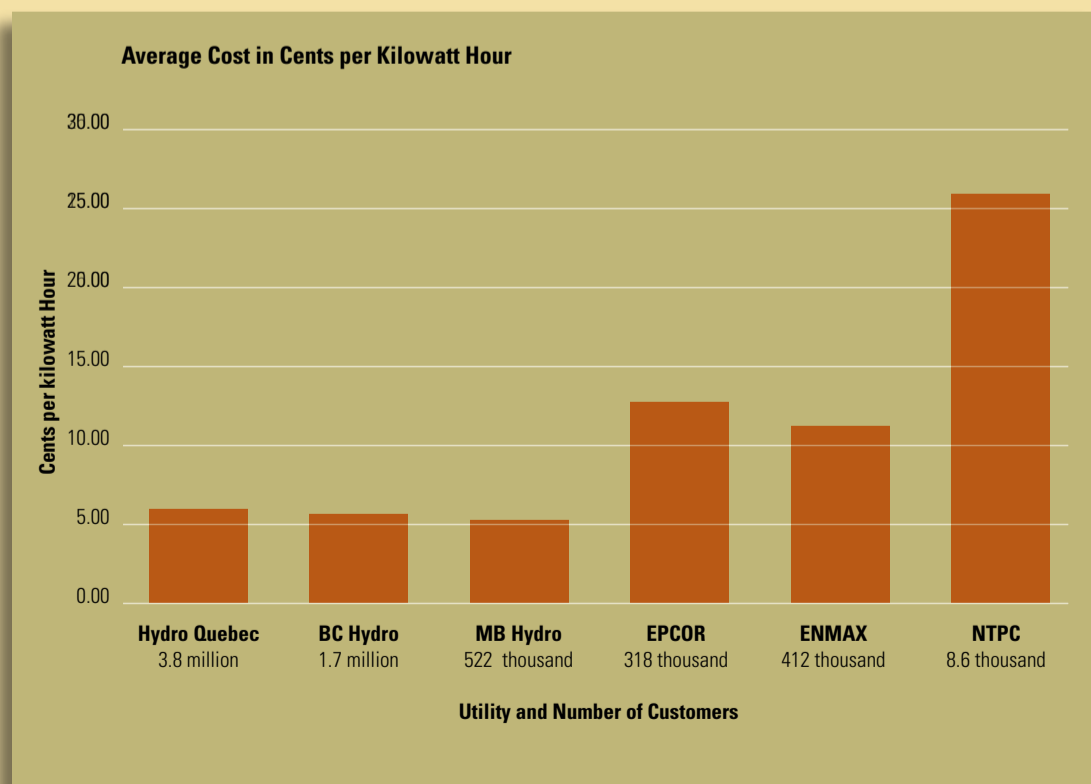
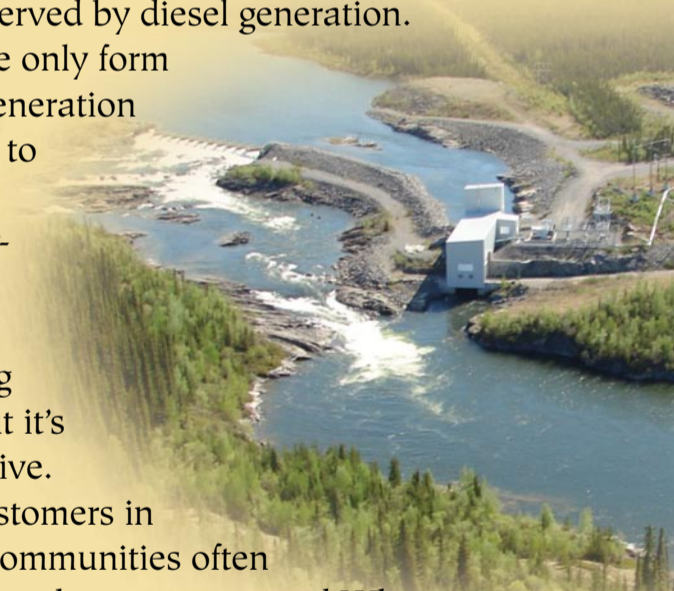
Diesel is the only form of distributed generation reliable enough to perform in our climate and portable enough to provide backup when something goes wrong. But it's expensive.

Customers in small communities often pay more than 70 cents per kWh.

We agree that it's time for action on the cost of electricity.

The government's Electricity Review couldn't come at a better time. And we believe it will shape how power is priced for generations to come.

Visit our new website for low cost and no-cost ways to become more energy efficient.





Cost *DRIVEN*

A lot of factors go into providing you with a safe, reliable supply of electricity. And we take each one seriously.

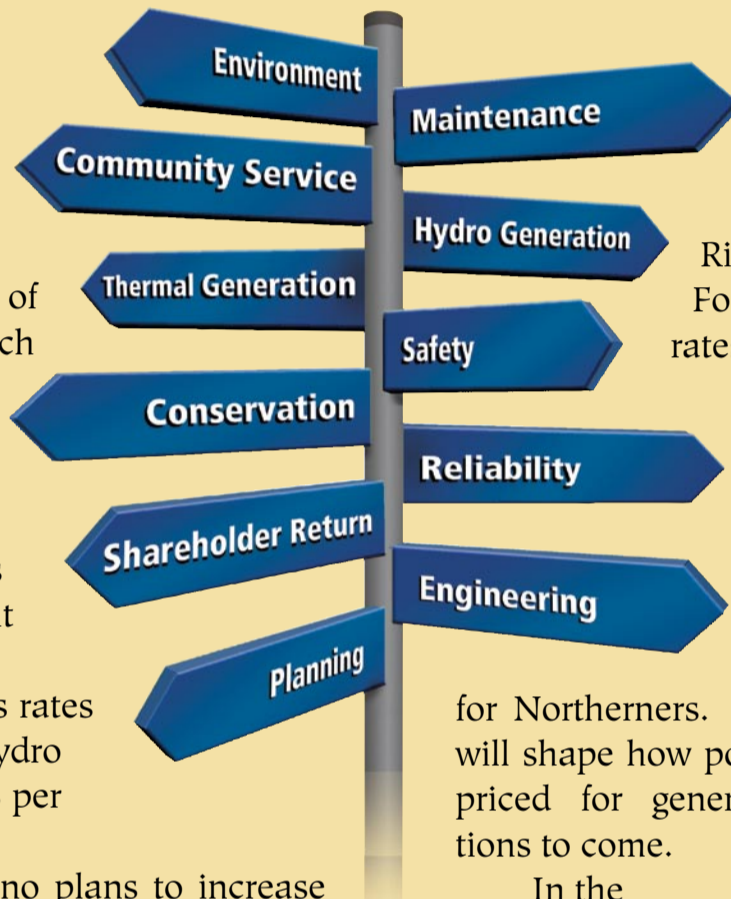
One measure of performance is the final cost of electricity.

Utility customers across Canada are facing significant rate increases.

BC Hydro is increasing its rates by 14 per cent, Manitoba Hydro 9 per cent and SaskPower 13 per cent over the next two years.

By comparison we have no plans to increase base rates for several years.

We also look at costs of electricity service in the North.



In a comparison between Hay River, served by Northland, and Fort Smith, served by NTPC, our rates come out 57% lower.

In a comparison of two small diesel communities our cost is slightly higher than Northland's. (See graph.)

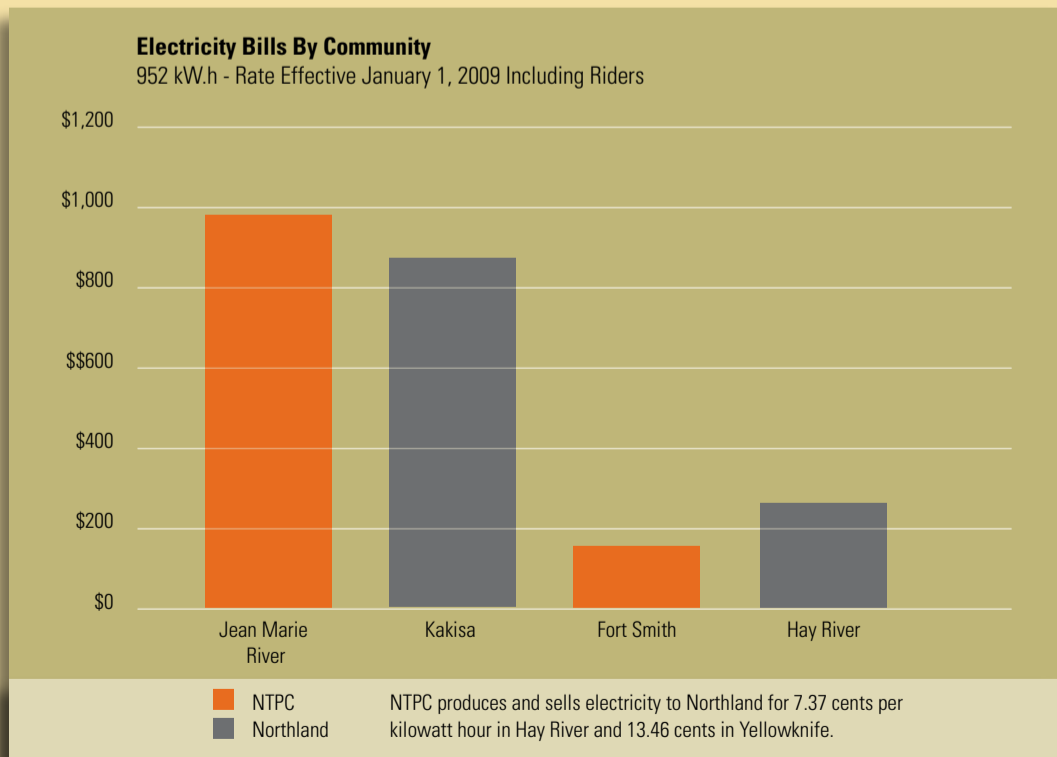
The government's Electricity Review currently underway couldn't come at a better time

for Northerners. We believe it will shape how power is priced for generations to come.

In the meantime we'll keep managing our costs while

maintaining our standards for safety, reliability and the environment.

It's going to take all of us working together to manage electricity costs and you can do your part. Visit our new website for low cost and no-cost ways to become more energy efficient.





When it Comes to **GREEN** the Choices are Never **BLACK** or **WHITE**

A lot of factors go into providing you with a safe, reliable supply of electricity. And the choices are never black or white.

Take diesel generation versus our commitment to the environment. We have to burn diesel to supply power, but burning diesel creates greenhouse gas emissions.

So, we must find a balance between our responsibility to supply and our responsibility to the environment.

And we think we've done pretty well.

Since 1990 we've reduced diesel use by more than 75 per cent and cut greenhouse gas emissions by 58 per cent.

Today hydro generation accounts for 75% of all the electricity we produce.



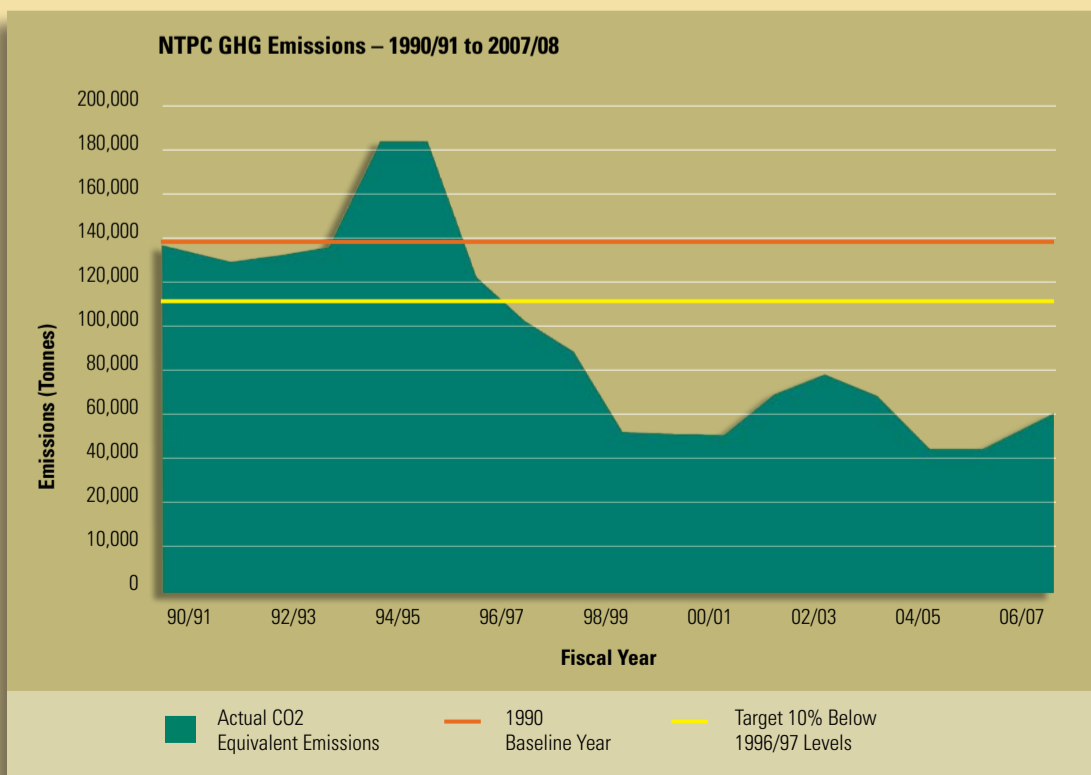
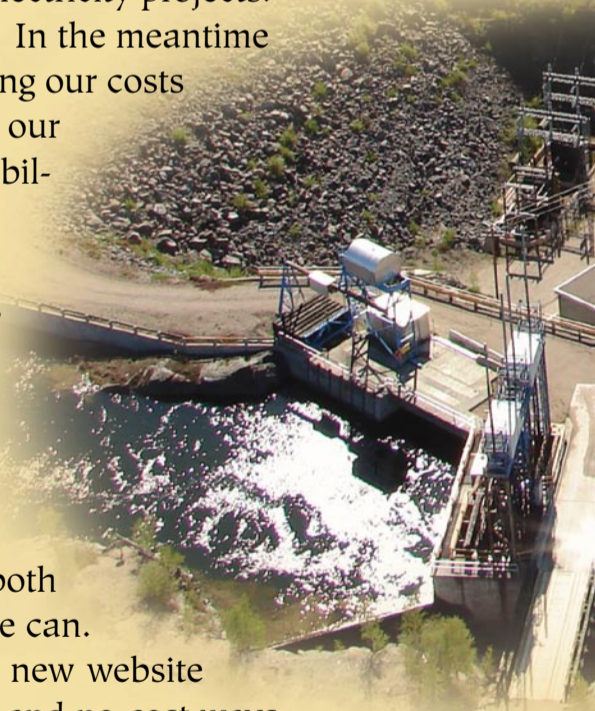
And our success has been recognized by the Canadian Greenhouse Gas Challenge Registry through a national Leadership Award.

Recently the government announced its support for micro-hydro, wind turbine and residual heat projects. We look forward to working with communities to complete these cleaner, greener electricity projects.

In the meantime we'll keep managing our costs while maintaining our standards for reliability, safety and the environment.

When it comes to the environment versus our obligation to supply power, we have to do both as well as we can.

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Reliability

We operate in the most challenging utility environment in Canada. Our service territory is made up of 28 separate power systems spread over 1.2 million square kilometres.

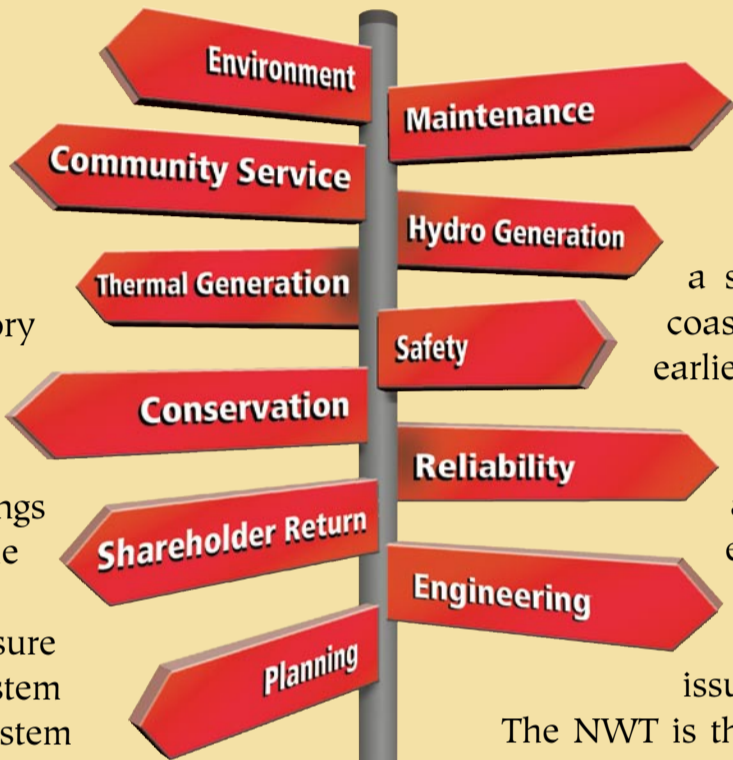
Yet our performance ratings compare favourably with the Canadian electricity industry.

All utilities in Canada measure their performance against system reliability; that's the total system outage time during a year.

In 2007/08 our reliability rating was 99.97%. That means that over the course of 8,760 hours in the year, our systems were out of service just 3.5 hours on average.

Outages will be little longer in areas affected by forest fires and lightning storms, and a little shorter in other areas. But on average the system was functioning properly 99.97% of the time.

As you can see by the graph, that's comparable to the national average.



Some parts of Canada are without power for days from a single incident: like BC's west coast, Nova Scotia, Quebec and, earlier this year, downtown Toronto.

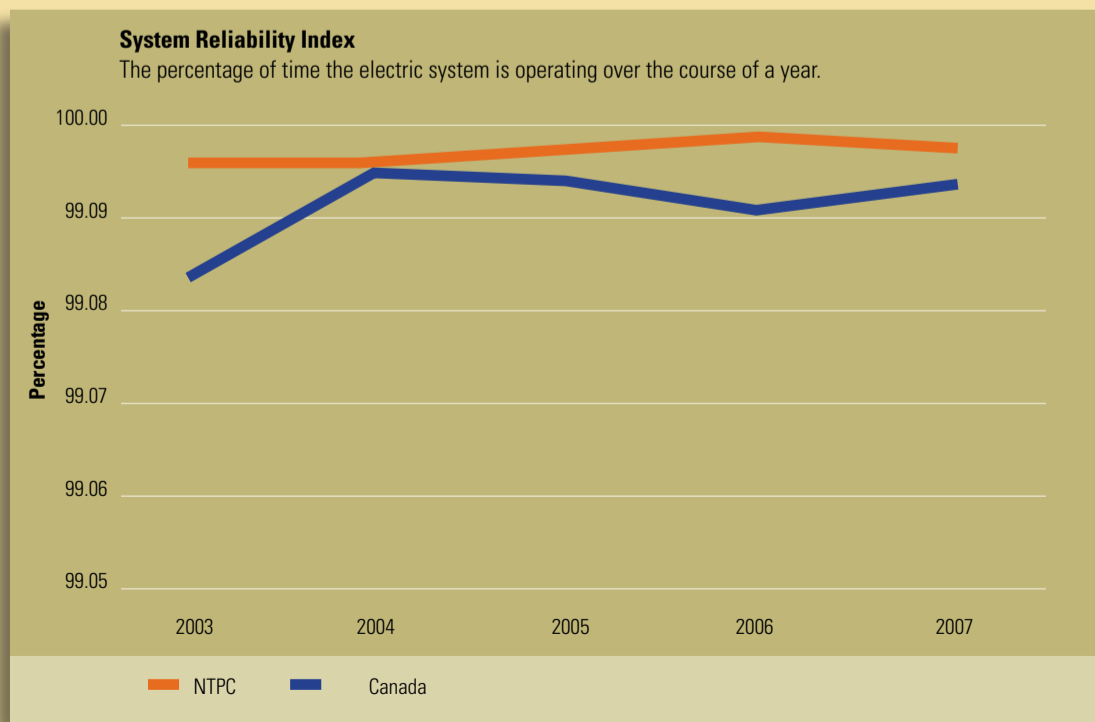
Serving customers in the North means we can't leave anything to chance. We recruit experienced managers who anticipate operating concerns before they become reliability issues.

The NWT is the most dispersed service area in Canada, which makes it costly to operate.

We believe the government's Electricity Review couldn't come at a better time for Northerners. It will shape how power is priced for generations to come.

In the meantime we'll keep managing our costs and maintaining our standards for safety, the environment and system reliability.

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All data compiled by the Canadian Electricity Association.

