

Chairman's Board Report

2014 Annual Meeting

**NORTH
PARKLAND
POWER REA LTD.**

Over the last few years the board has been fortunate to have a stable and capable group of front line and field staff to operate the day to day work of the REA, which has allowed your board to concentrate on improving policy, government advocacy, and business development.

Most members would be not aware of the provincial governments initiative to review the entire electricity retail market as well as the roles and responsibilities of electrical distribution system operators, which includes REA's. Several board members, as well as our General Manager, have been very involved in this process from the onset, and as a result a number of reports were created, most of which will be sent to the minister of energy and agriculture and rural development in the next few months. We are optimistic that the regulatory changes will give REA's and investor owned Utilities a clear set of rules to work from going forward, eliminating a lot of confusion about what class of service we are each responsible to serve.

On the business development front, your board intends to continue exploring partnerships with other REA's, to include billing engines and mapping programs, and the possibility of small power generation projects, along with the expansion of retail power sales through Northern Lights Energy and Power. We continued to see a return of profit back to North Parkland Power this year.

Our REA has been fortunate to have had a considerable amount of revenue gained from outside work contracts, for example, extra under-ground work on major high-load corridors within our service area, as well as favorable power purchases, which have added to our bottom line. We are very conscious that these projects are the exception and not the rule that as a board we must be vigilant in making sure that our operating and maintenance align with the true cost of running the REA.

In 2014 we will continue to make your REA as efficient as well as profitable with the goal of keeping costs as low as possible, which in turn should help to offset the increased cost of transmission that will continue to rise over the next few years .

The good news story here is that we continue to add thirty to forty new services each year, supporting local economy thru purchasing goods and services as well as solid employment opportunities for the communities we operate in.

On behalf of the board of directors, I would like to thank our staff for their efforts over the past year as well as the support of you the member/owners of North Parkland Power REA.

Regards,

Charles Newell
CHAIRMAN
North Parkland Power REA Ltd.