

Chairman's Board Report 2013 Annual Meeting

**NORTH
PARKLAND
POWER REA LTD.**

In last years annual report from the board I noted several projects that the REA was reviewing and hoped to achieve in the following 2012 year.

The first being the upgrade of NPP's website. As of this date the new site is complete. Another project we wanted to explore was to be able to offer community groups such as Ag Societies, small business, non REA farm services and municipal operations the opportunity to access competitive power prices. To this end we launched a stand alone company at the end of 2012, which has a growing number of customers signed up at this time.

Another project that is ongoing is the continued review of our rate structure to ensure fairness, while making sure the Co-op has adequate financial reserves to carry on the operations and maintenance of our system.

As the Chair and long time Board member the most frustrating issue we face as an REA operating in Alberta's power market is not having control over flow-through costs such as transmission charges. As we move into summer and fall we expect to see large increases in these fees charged to us by our transmission provider. We will continue to pass savings on through more efficient operations as well as technological advances and margins from power sales to offset these increases so the bottom line of your bill can stay as low as possible, but there is little we can do to control the flow-through fees.

Our REA has matured nicely over the last couple of years. We now have great people in all key areas of financial, asset and human resource management, which frees up the Board's time to concentrate on appropriate lobby efforts in conjunction with other REAS to ensure the provincial government and other players in the power industry continue to recognize the importance of utility Co-operatives like ours.

On behalf of your Board and staff, I would like to take this opportunity to thank you for your continued support.

Regards,

Charles Newell
CHAIRMAN
North Parkland Power REA Ltd.