



1. Who is Niagara Peninsula Energy?

NPEI is your local distribution company (LDC) who provides local electricity distribution and related services to residential and business customers in the City of Niagara Falls, Town of Lincoln, Township of West Lincoln, and a portion of the customers within the Town of Pelham.

- NPEI serves an area of approximately 827 square kilometers and has a customer base of approximately 55,600 residential and business customers, containing a mix of urban and rural electrical distribution.
- NPEI is jointly owned by the municipalities it services.
- NPEI manages all aspects of the electricity distribution business and is regulated by the Ontario Energy Board (OEB).
- As a regulated entity, NPEI, similar to all local distribution companies in the Province of Ontario, apply for, and receive approval from the OEB to charge for its services.

2. What is a rate review process?

A rate review process is a legal proceeding. Niagara Peninsula Energy Inc. (NPEI), similar to all local distribution companies (LDC's) are required to follow procedures and directives from the Ontario Energy Board (OEB) when they request a change in their rates.

3. How often can an Ontario LDC, such as NPEI, have their rates subject to a full review with the Ontario Energy Board?

Distributors such as NPEI can typically apply to the OEB for a full review of their rates at a minimum of every five years. NPEI's last rate review was for rates effective June 1, 2015.

4. What are distribution services?

Ontario's electricity system is owned and operated by public, private, and municipal corporations across the province. It is made up of 3 key components: Generation; Transmission and Distribution.

Generation

Where Electricity Comes From?

Ontario's electricity is generated using a mix of nuclear, gas fired, and water power (Hydro), as well as biomass and renewable sources such as wind and solar technology. In Ontario, a number of companies own these generating stations but approximately half of the electricity is generated by Ontario Power Generation. The Independent Electricity System Operator (IESO) balances the supply of, and demand for, electricity on a second by second basis and directs its flow across the high voltage transmission lines.

Transmission

How Electricity Travels Across Ontario?

Once generated, electricity must be transported to electrical sub-stations across the Province. Due to the large amount of power and long distances, transmission normally takes place at high voltages

with the lines suspended on large, steel towers. The Province has more than 30,000 kilometers of “electricity highway”, most of which is owned and operated by Hydro One.

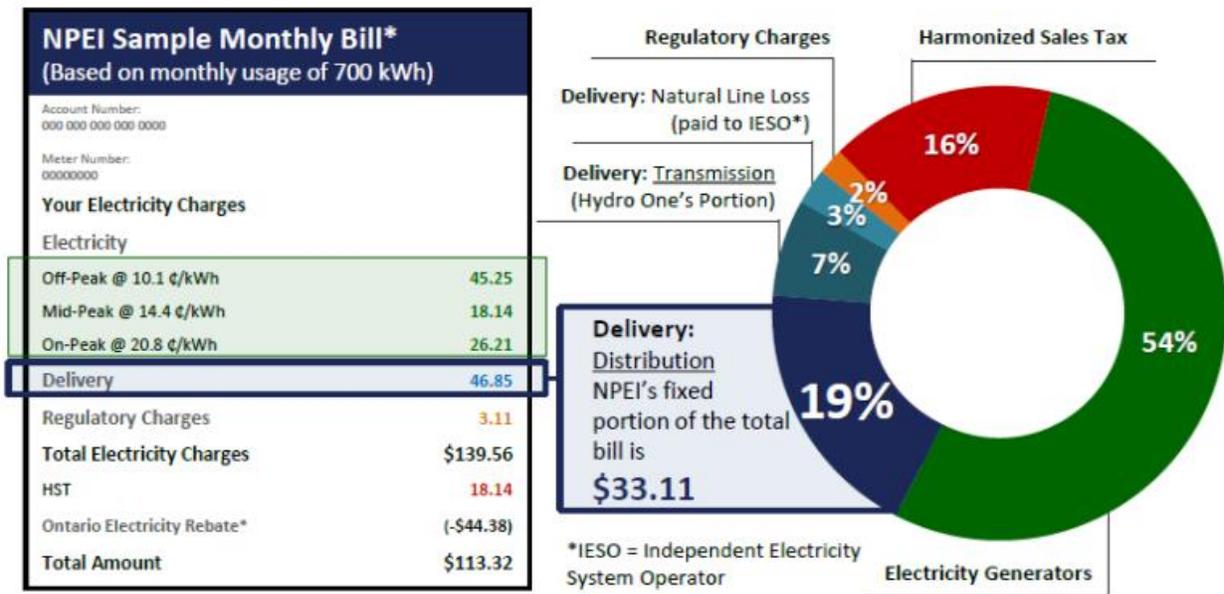
Local Distribution

How Electricity is Delivered to the End Consumer?

NPEI is responsible for the last step of the journey: distributing electricity to customers through its distribution system. NPEI’s local distribution system includes 9,577 transformers, 24,822 poles, 2,041 circuit kilometers of primary line, 1,171 circuit kilometers of secondary line, 15 distribution stations and one transformer station, delivering safe and reliable energy from the “electricity highway” to the customer’s residence or business in the City of Niagara Falls, the Town of Lincoln, the Township of West Lincoln and a portion of customers in the Town of Pelham.

5. Where will this rate increase appear on my bill?

As illustrated in the Chart below, the distribution rate increase that NPEI has applied for to the OEB is included in the delivery line of a customer’s bill.



* As of November 1, 2019. Chart is based on total bill amount after applying the Ontario Electricity Rebate.

6. How much of my electricity bill goes to Niagara Peninsula Energy?

- As illustrated in the chart above NPEI retains \$33.11
- Every item and charge on your bill is mandated by the provincial government or regulated by the OEB, the provincial energy regulator.
- While NPEI is responsible for collecting payment for the entire electricity bill, it only retains the distribution portion of the delivery line item charge.
- Distribution rates make up about 19% of a typical residential customer’s bill.

- For residential customers, NPEI's portion of the delivery line item on the bill is fixed and does not change based on the amount of electricity used.
- The remainder of your bill is passed onto provincial transmission companies, power generation companies, the government and regulatory agencies.

7. What is the total bill impact for a typical residential customer that NPEI has applied for to the OEB?

The proposed charges relate to NPEI's distribution services. They make up part of the Delivery line, which is one of the line items on your bill. While the proposed change to the distribution charge is \$2.81 per month for a typical residential customer using 750 kWh, the proposed total bill impact is **\$1.53** per month.

8. Why is the total monthly bill impact of \$1.53 less than the monthly distribution rate increase of \$2.81?

The total bill impact reflects proposed changes in other bill items such as transmission rates and natural line losses.

9. Will the Time of Use (TOU) rates be impacted by this rate application?

No, the TOU rates are set by the Ontario Energy Board (OEB) each year effective May 1st & November 1st.

For residential customers, NPEI's distribution portion of the delivery line item on your bill is fixed and does not change based on the amount of electricity a customer uses. The cost of energy consumption by a customer is collected by NPEI and paid to the IESO as a pass through charge and no portion is retained by NPEI.

10. Will the new Customer Choice between TOU Rates & Tiered Rates for residential customers be impacted by this rate application?

No, for residential customers, NPEI's distribution portion of the delivery line item on your bill is fixed and does not change based on the amount of electricity a consumer uses. The cost of energy consumption by a customer is collected by NPEI and paid to the IESO as a pass through charge and no portion is retained by NPEI.

11. When will this rate increase be effective?

NPEI has applied for this rate review process to have an effective date of January 1, 2021. NPEI's last rate review was effective June 1, 2015.

12. Why has NPEI applied to the OEB to increase its electricity distribution rates?

The rate increase that NPEI has applied for to the OEB, is to ensure that it is financially viable to make necessary investments in new distribution system infrastructure, maintain existing facilities and equipment, continue to provide safe, reliable and quality service to its customers, and to ensure it is compliant with its distribution license. NPEI's objective is to meet this commitment while maintaining fair and reasonable local distribution rates.

13. How much of NPEI's investment in its distribution services is included in this rate application?

Between the years, 2015 to 2021, NPEI projects it will have invested approximately \$86 million in its distribution services. These capital investments include the replacement of poles, wires and transformers as well as the installation of new infrastructure to deliver safe, efficient, reliable electricity while accommodating customer growth within NPEI's service territory.