



CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO  
Company

## 2022 Cost of Service Application

## Customer Summary

### ABOUT CANADIAN NIAGARA POWER

Canadian Niagara Power provides local distribution service to the Fort Erie, Port Colborne and Gananoque areas. Canadian Niagara Power delivers electricity over 1037 km of distribution lines to approximately 30,000 customers.

Canadian Niagara Power has a relatively low customer density (i.e. number of customers per square-kilometre) relative to other distribution companies in Ontario. Canadian Niagara Power's combined service areas cover 357 square kilometres, approximately 80% of which is rural.

### ABOUT THE APPLICATION

Canadian Niagara Power applies to the OEB every year to approve rates for the following year. These applications are on a five-year cycle, with a detailed "Cost of Service" review in Year 1, followed by inflationary adjustments in Years 2-5. This application is a Cost of Service Application. Much of this application relates to reviewing Canadian Niagara Power's costs and setting its base distribution rates.

This application is only for distribution rates, which is one component of your bill. Other components of your bill include costs for transmission lines or electricity generation plants, which are not a part of this application. For the average residential customer, only approximately 25% of the bill goes to Canadian Niagara Power. Costs related to transmission are approved by the Ontario Energy Board (OEB) in similar applications by electricity transmitters. Some generation costs are also approved by the OEB, while other costs are a product of either the competitive wholesale market, or long-term power purchase contracts. Canadian Niagara Power passes through these costs without any markup or profit margin.

The pass-through transmission rates that Canadian Niagara Power charges to its customers are reviewed and approved by the OEB each year. For low-

volume customers, the OEB also approves Time of Use and Tiered Electricity Rates (for generation costs) on a province-wide basis. Since Canadian Niagara Power's revenue from these pass-through rates is typically different than its actual costs, every rate application includes requests for "rate riders" that true-up any past differences. Depending on the year, these rate riders can either be charges or credits.

### CUSTOMER ENGAGEMENT AND PERFORMANCE METRICS

Canadian Niagara Power has a broad customer and stakeholder engagement program that includes: customer satisfaction surveys, community outreach/stakeholder sessions, a customer engagement program and other supporting engagement activities such as outage communication via social media.

Canadian Niagara Power also conducted online customer surveys specific to this application, which provided multiple opportunities for customers to identify their need and priorities, and to provide feedback on programs and spending levels.

Canadian Niagara Power has considered feedback from all of the above activities with a goal of meeting the needs and preferences of our customers.

The OEB expects utilities to measure their performance across a number of categories: Customer Focus, Operational Effectiveness, Public Policy Responsiveness, and Financial Performance. Every year, the OEB publishes a scorecard that compares Canadian Niagara Power's performance against targets and trends over the past five years, which can be accessed on Canadian Niagara Power's website. The following OEB website has additional information on utility performance: <https://www.oeb.ca/utility-performance-and-monitoring>

Website Link (For Application, Scorecard and Other Information): [www.cnpower.com](http://www.cnpower.com)

Customer Service Email Contact: <mailto:customer.service@cnpower.com>



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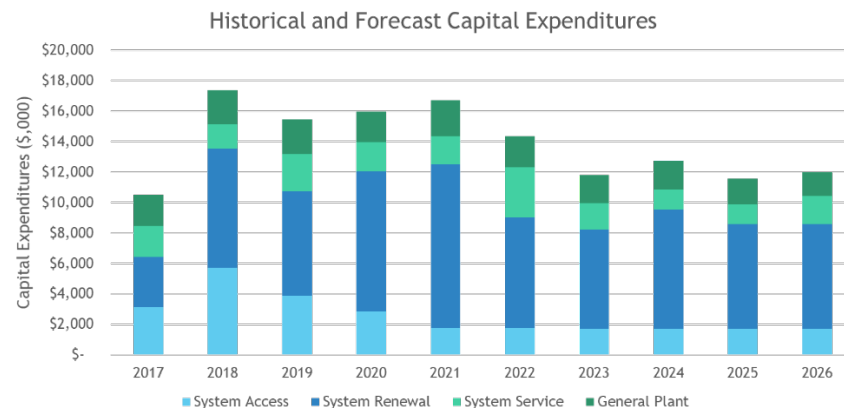
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### CANADIAN NIAGARA POWER'S GOALS

Canadian Niagara Power operates according to seven core values: Respect for People; Inclusion and Diversity, Safety and the Environment; Financial Success; Customer Service; Productivity; and Community Involvement. Based on a combination of these values, customer preferences and OEB expectations (discussed above), Canadian Niagara Power identified six strategic objectives for its Five-Year Plan, which are discussed in Canadian Niagara Power's 2022 Business Plan (Appendix 1B of Exhibit 1 of the application).

### SUMMARY OF CANADIAN NIAGARA POWER'S FIVE-YEAR PLAN

Canadian Niagara Power prepared a 2022-2026 Distribution System Plan that outlines its strategy and proposed spending levels for capital investments, and the ongoing operation and maintenance of its system. The following chart summarizes Canadian Niagara Power's actual and planned capital investments for 2017-2026:



### OTHER PROPOSALS AND REQUESTS

Canadian Niagara Power has a standby customer class, where a customer pays to have capacity available, but not used. Canadian Niagara Power proposes to continue using its existing standby rates and have those rates remain interim until it develops an updated methodology for its next Cost of Service application.

### RATE SETTING AND RATE RELIEF

Canadian Niagara Power's forecasted 2022 costs of approximately \$22 million includes operating costs, payments for capital investments that are spread over the life of the assets, the cost of debt and equity to support capital investments, and various taxes.

These total costs are divided between groups of customers (residential, commercial, industrial, street lighting, sentinel lights, embedded distributor, and unmetered load), and rates are calculated based on forecasted 2022 load and customer counts.

Revenue from street lighting customers in 2022 is forecasted to be more than the costs assigned to them. Distribution revenues are proposed to be adjusted to keep these revenues within the limits of OEB policy.

Rate relief programs like the Ontario Electricity Rebate (OER) and the Ontario Electricity Support Program (OESP) are not affected by this application.

### BILL IMPACTS

For the distribution portion of the bill, Canadian Niagara Power has forecasted increases of \$4.50 for a typical residential customer (750 kWh per month) and \$5.33 for a typical small commercial customer (2000 kWh per month). These adjustments are the result of CNPI's proposed rates, and changes to rate riders for pass-through costs.

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