

NTPC Applies for Collection Rate Rider Frequently Asked Questions

What is a collection rider?

A collection rider is a temporary, additional rate on your bill, separate from the basic rates. Riders are intended to either recover costs or refund money for something that is temporary or caused by factors outside of NTPC's control.

What is the Rate Stabilization Fund?

The Rate Stabilization Fund (RSF) helps to keep electricity prices stable when the price of fuel fluctuates dramatically or the generation mix (hydro/gas/purchased power/diesel) differs from what is built into rates. When the price of fuel is high, the RSF balance increases and NTPC needs to collect from customers to reduce the balance of the account.

NTPC applies to the Public Utilities Board for a rider when the RSF reaches a balance of \$2.5 million – this represents the amount that is owed to NTPC because fuel costs have exceeded the amount that is built into rates.

Why is it necessary to add a collection rider now?

Although the cost of diesel has fallen in recent months, the cost that NTPC is paying is still 8 – 9 cents more per litre than the cost used to calculate rates.

In addition, NTPC consumed additional diesel fuel during the 18 months that Imperial Oil Limited (IOL) was shut down in Norman Wells – NTPC purchases power from IOL when the local facility is operating.

NTPC also incurred \$600,000 in additional freight costs to deliver fuel to Paulatuk for the winter

This leaves the balance of the RSF over the \$2.5 million threshold set by the Public Utilities Board.

How will my monthly bill be impacted by the collection rider?

A typical residential customer will have an average bill increase of approximately 2.5% or \$8 a month

How long will this collection rider be in place?

NTPC is proposing that the rider be in place for three years, beginning on May 1, 2019. NTPC is required to return the Rate Stabilization Fund to within the Public Utilities Board-mandated range and proposes to minimize the monthly impact on customers by requesting that the rider remain in place for three years as a shorter time period would result in a higher monthly impact for customers.

Does the collection rider impact all of your customers the same?

The collection rider amount differs among the three zones: Snare, Taltson and Thermal.

Different rider amounts are calculated for each of the rate zones to account for the fact that different rider amounts are calculated to account for factors such as the design of electricity systems in each zone. For example, the Snare and Taltson zones have both transmission and distribution systems whereas the Thermal zone only has a distribution system. These different system designs have different impacts on the cost of providing service.

Do NUL customers have to pay the collection rider?

NUL customers in Yellowknife will be required to pay the collection rider as backup diesel generation is provided by NTPC's Jackfish plant.

NUL customers in Hay River, Enterprise and K'at'l'odeeche will not be subject to the collection rider as NUL (NWT) provides backup diesel generation in those communities.

How do you determine what the collection rider should be and how long it will be in place?

NTPC calculates the amount of the shortfall to the Rate Stabilization Fund and then considers the appropriate length of time to reduce the balance of the fund.

NTPC understands how a rider can increase the monthly customer bill and we have requested that the length of three years to help minimize the impact on customers. In order to minimize the monthly impact on customers, NTPC's application requests that the rider remain in place for three years as a shorter time period would result in a higher monthly impact.

Will the Public Utilities Board hold public hearings to give the public the chance to comment on this proposed increase?

- The PUB will determine the process by which it will consider our application
- This question should be addressed to the PUB