

A large, light gray outline of a lightbulb is centered on the left side of the page. Inside the bulb, the company name is written in black serif and sans-serif fonts. Below the name, the text 'Annual General Meeting' is written in a purple sans-serif font.

**Niagara
On-The-Lake
ENERGY INC**

Annual
General
Meeting

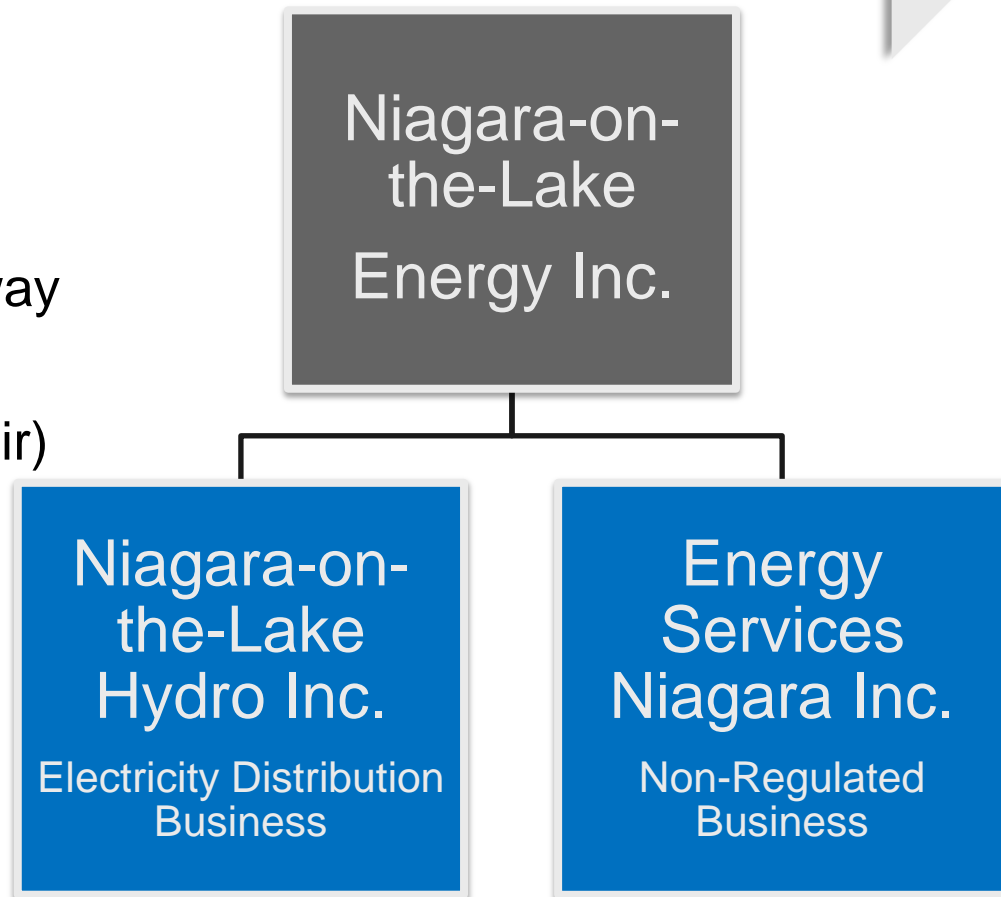
2015

Niagara-on-the-Lake Hydro Inc.
and Energy Services Niagara Inc.
presented by: Tim Curtis, President

Corporate Structure

Board of Directors

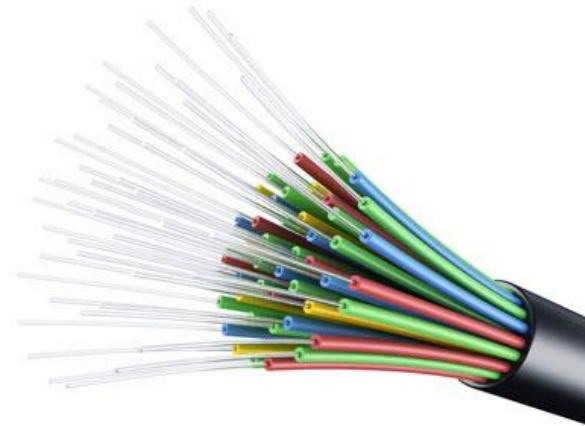
1. Lord Mayor Pat Darte
2. Councillor Jamie King
3. Town CAO Mike Galloway
4. Jim Ryan (Chair)
5. Bob Cheriton (Vice-Chair)
6. Jim Huntingdon
7. Nicholas Miller



All companies are incorporated under the Ontario Business Corporations Act

Energy Services Niagara Inc - ESNI

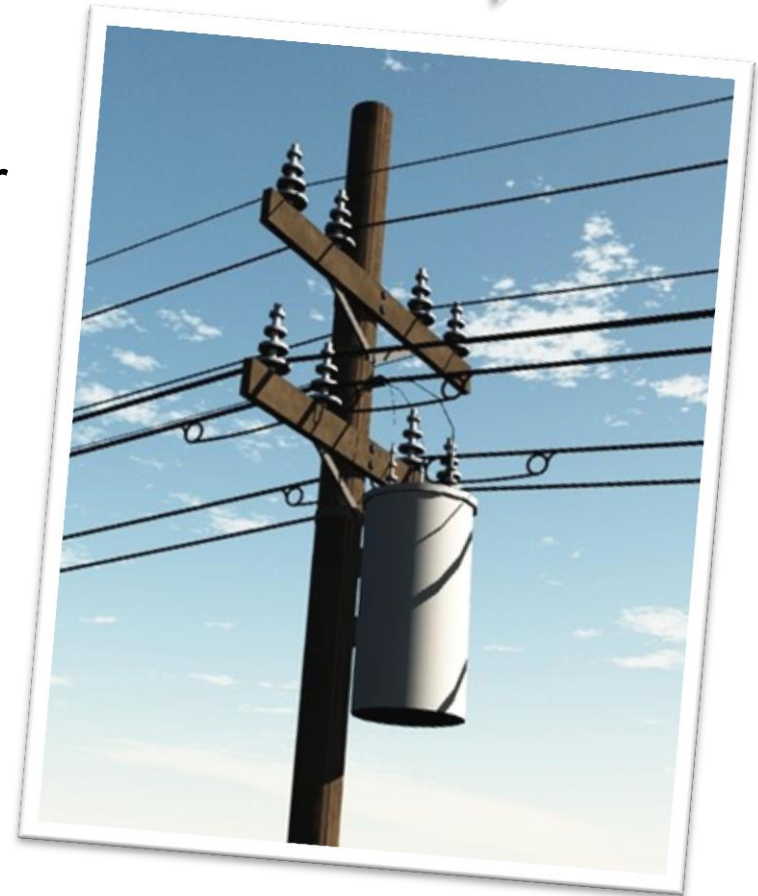
- ESNI can engage in any activity authorized by the Board
- ESNI has a 12.5% interest in Niagara Regional Broadband Network (NRBN). This very successful company provides fibre optic high speed communication across the Niagara Region.
- Water/wastewater billing and collection service booked in ESNI
- Looking at solar generation opportunities



Niagara-on-the-Lake Hydro

- Over 100 years of distributing electricity in Niagara-on-the-Lake
- NOTL Hydro is one of the smaller LDC's in Ontario*
 - 8,600 Customers
 - 133km² operating territory
 - Over 400km underground and overhead distribution lines
- Summer peak is 50MW
- 16 full time employees
- Lowest Delivery Charge in the Niagara Region

* LDC = Local Distribution Company



NOTL Hydro Team

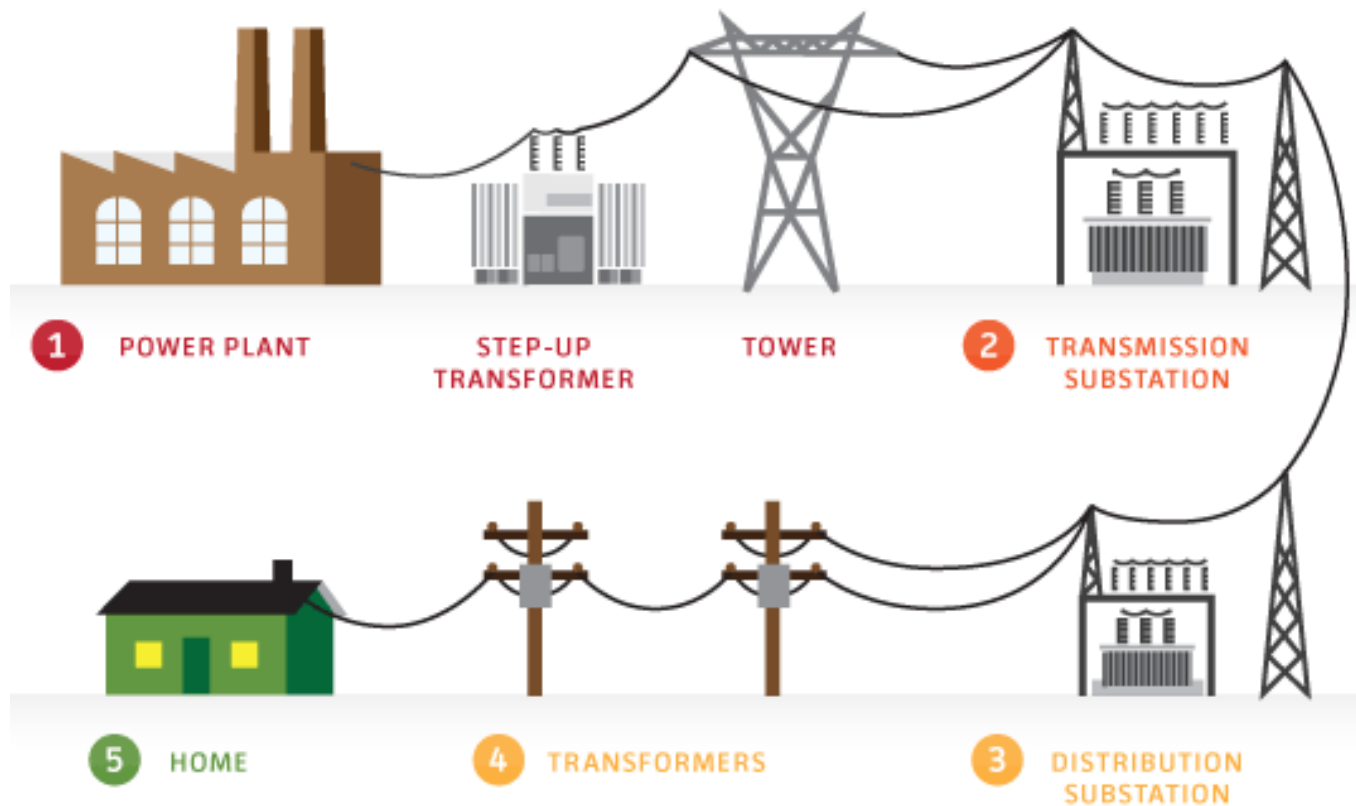
2014



Niagara-on-the-Lake Hydro was the winner of the 2014 *Utility-of-the-Year (Regional) award by ENERGY STAR®*

Industry Structure

- NOTL Hydro provides steps 2 to 5



Regulatory Framework

- **Ontario Energy Board, OEB**
 - NOTL Hydro is licensed by the OEB and is restricted to business lines
 - All rates and charges set by the OEB
 - Bill presentment and certain bill inserts mandated by the OEB
 - Reporting requirements and accounting policies
- **Independent Electricity System Operator, IESO**
 - Manages when generators operate and use of transmission system
 - Manage hourly electricity market
 - Contracts with all generation
 - Bills NOTL Hydro for generation, transmission and regulatory charges
- **Government of Ontario – Ministry of Energy**
 - Laws and regulations

Our Values

Our values reflect how we try to operate and our desire to maintain the trust that the community has placed in us:

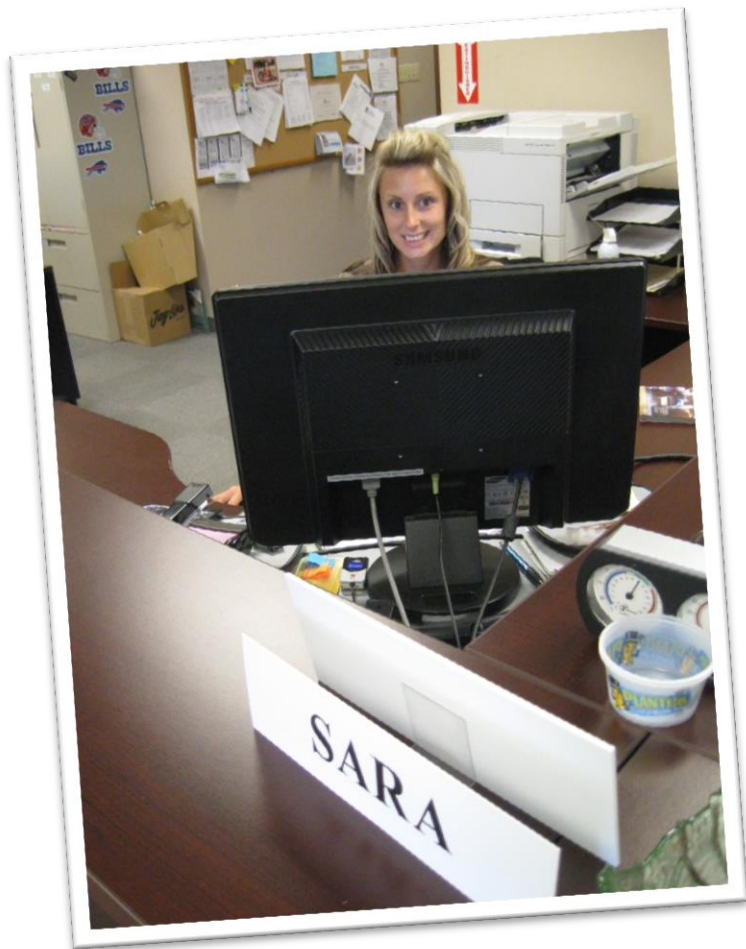
- Safety
- Integrity
- Customer-Focus
- Shareholder Value
- Innovative

Commitment to Safety

- Electricity can kill
- Always first priority
- Achieved Zero Quest Bronze Award in 2005 and the 5th and final Platinum Award in 2012
- New part-time safety consultant hired in 2015



Customer Focused



- Lowest delivery charge in the Niagara Region
- 24-hour on-call service for outages
- Front counter service maintained
- Combined electricity/water bills
- Investments determined for overall customer impact
- Local presence and knowledge
- Latest Change – no deposit required for new residential homeowners

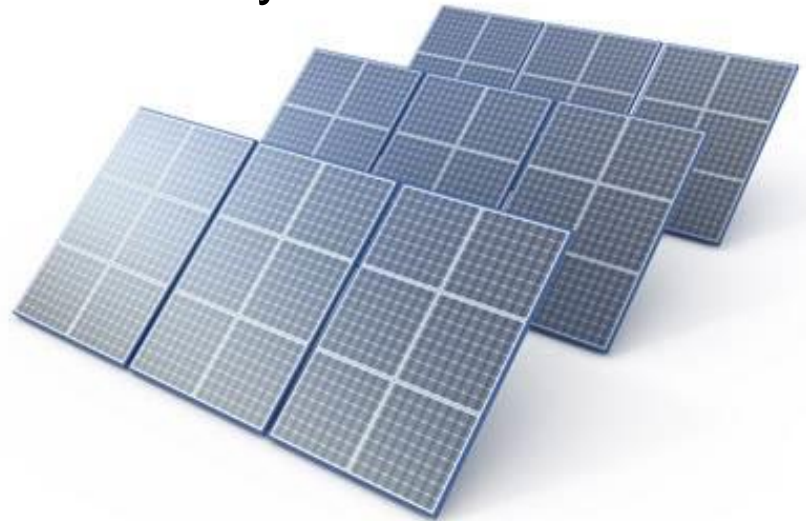
Innovative

- NOTL Hydro owns the transformer stations that feed electricity from Hydro One transmission lines.
- We have a shared billing system with several other utilities to keep our billing costs low.
- With Tech Mahindra, in the process of testing an Intelligent Electric Vehicle Charging System for eventual Ontario-wide rollout.
- Advocacy



Local Generation

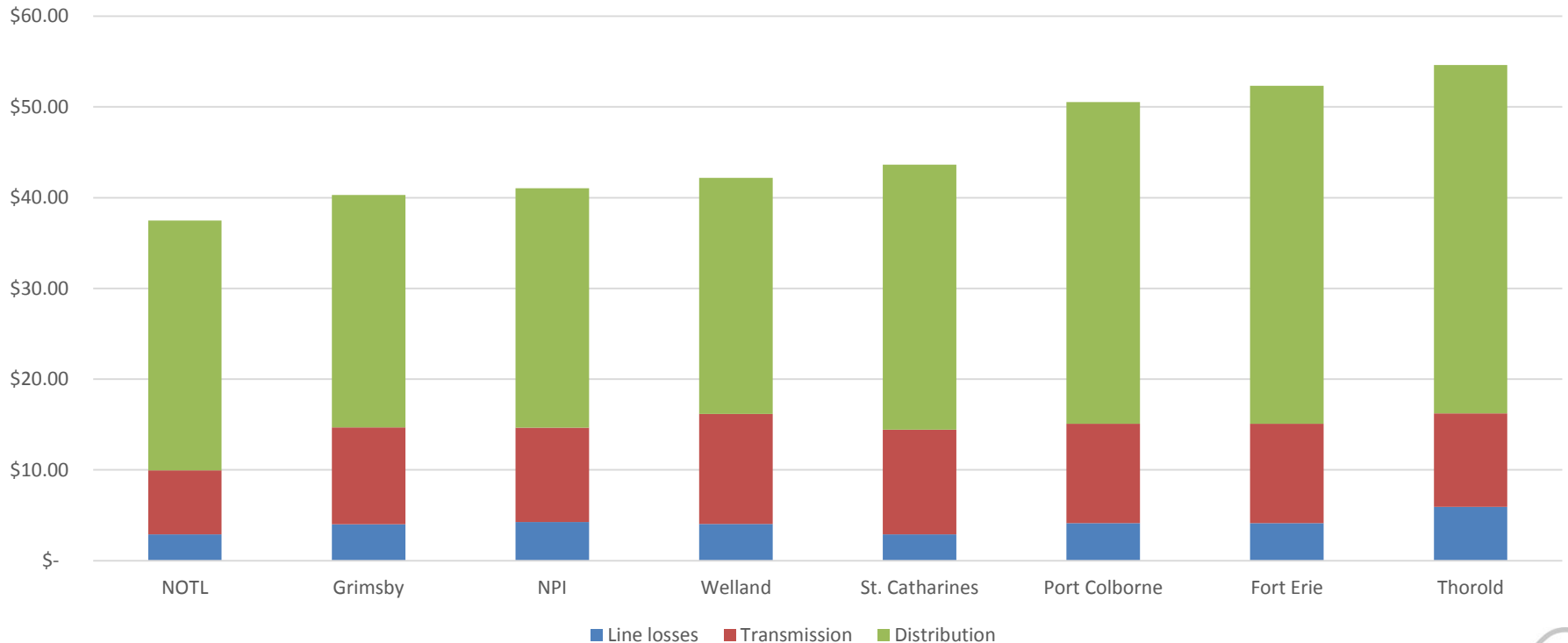
- >132 Generators in NOTL (>130 solar, 1 hydro & 1 bio-mass)
- Provides 7.4% of total energy consumed in NOTL
- NOTL Hydro pays each generator monthly
- Local Generation helps reduce transmission costs
- Not currently possible to add large generation in NOTL due to capacity constraints on transmission system



Delivery Charge

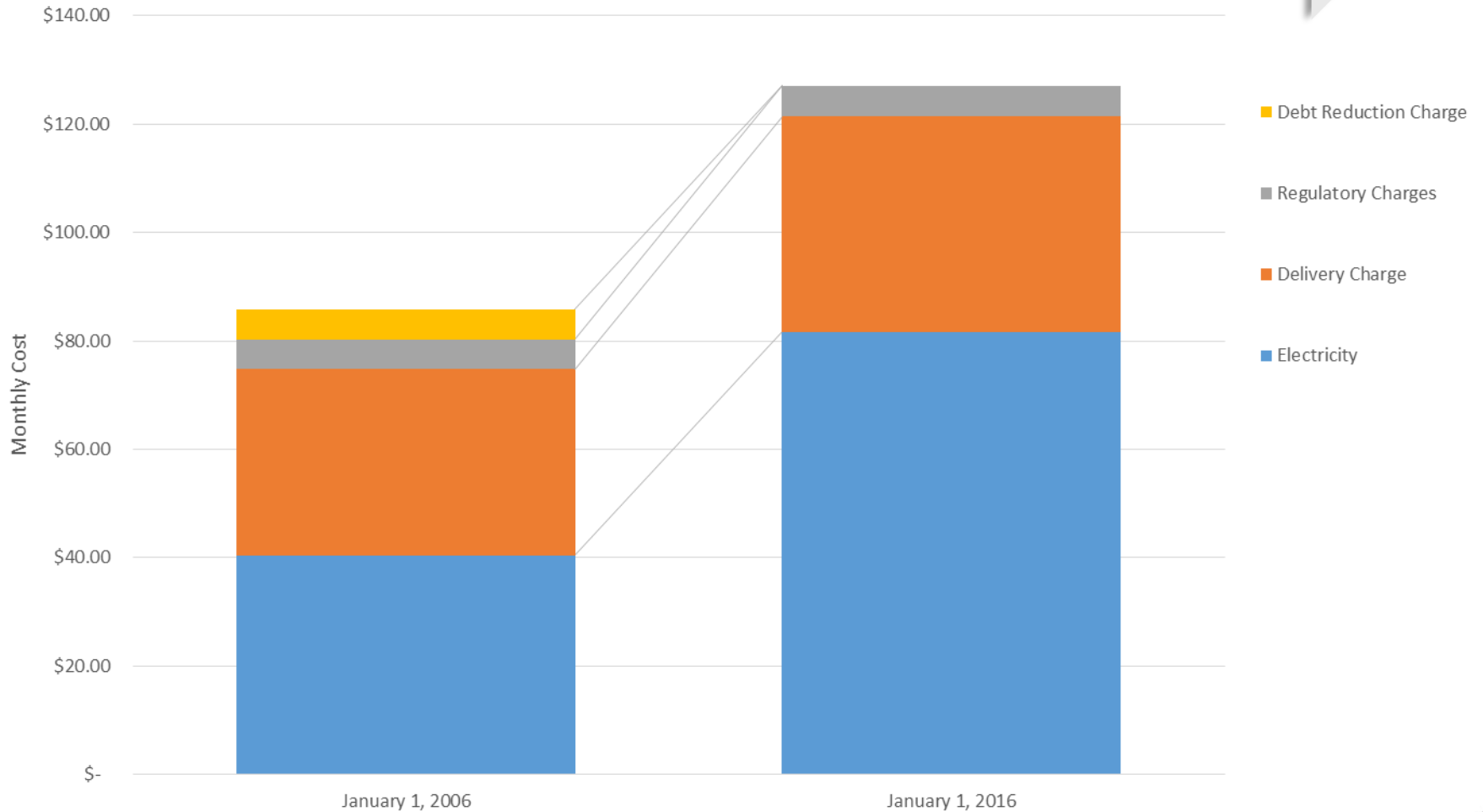
- NOTL Hydro has the lowest Delivery charge due to lowest transmission charge and line losses

Delivery Charge – May 1, 2015



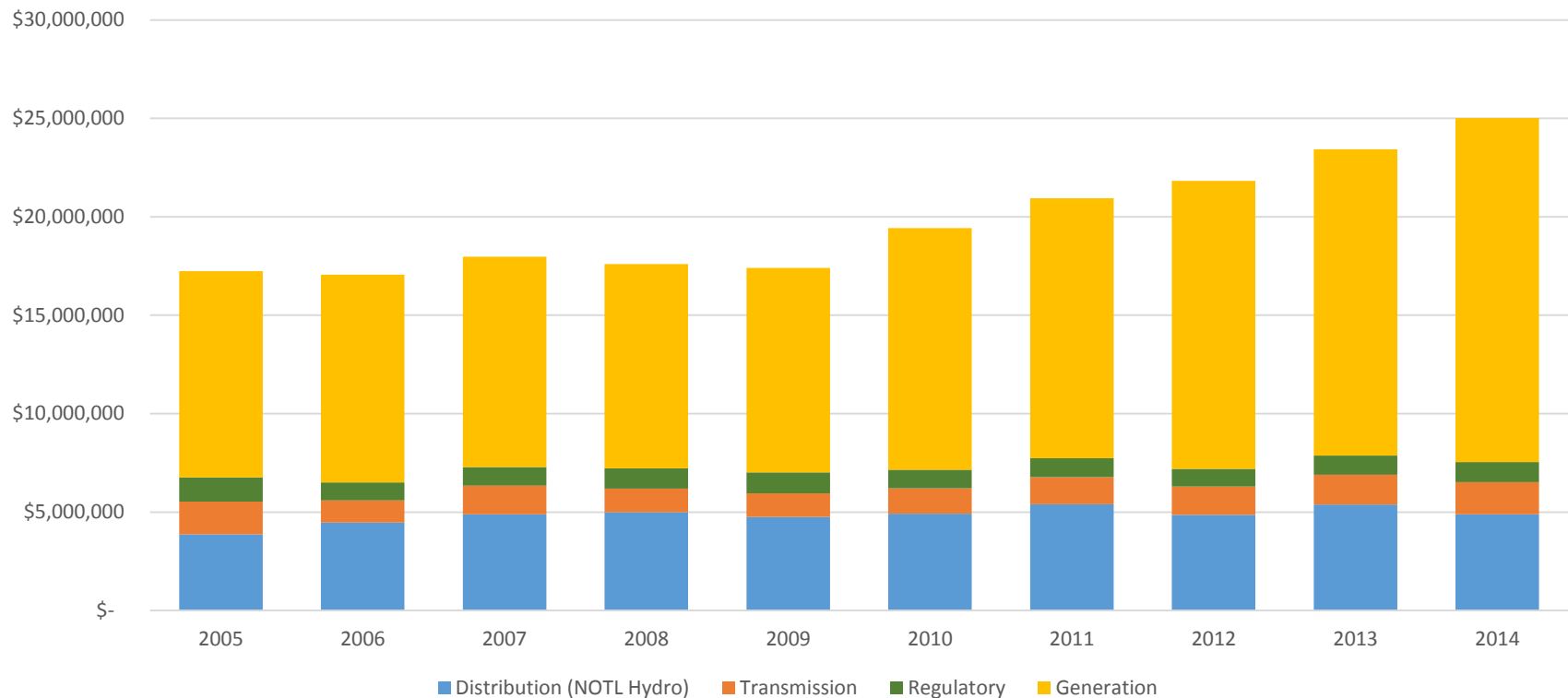
10-Year Price Change

Projected Increase in Residential Electricity Rates



NOTL Hydro Revenue

- 20% of hydro bill kept by NOTL Hydro
- 80% for generation, transmission and regulation



Investment Program

- Average \$1.3 million per year in capital investments
- Continued investment in both physical plant (poles, wires, transformers) and systems required to:
 - Meeting growing demand for electricity
 - Improve reliability
 - Reduce system losses (6.62% in 2005, 3.79% in 2015)
- Current investments include:
 - New 50MW transformer (enough to provide power to all of NOTL)
 - 20-year program to replace old lines in Old Town with new underground lines
 - 5-year program to replace old rural 4kV lines with new 13.6kV lines
 - Outage management system and other new smart meter applications

Conservation & Demand Management - CDM

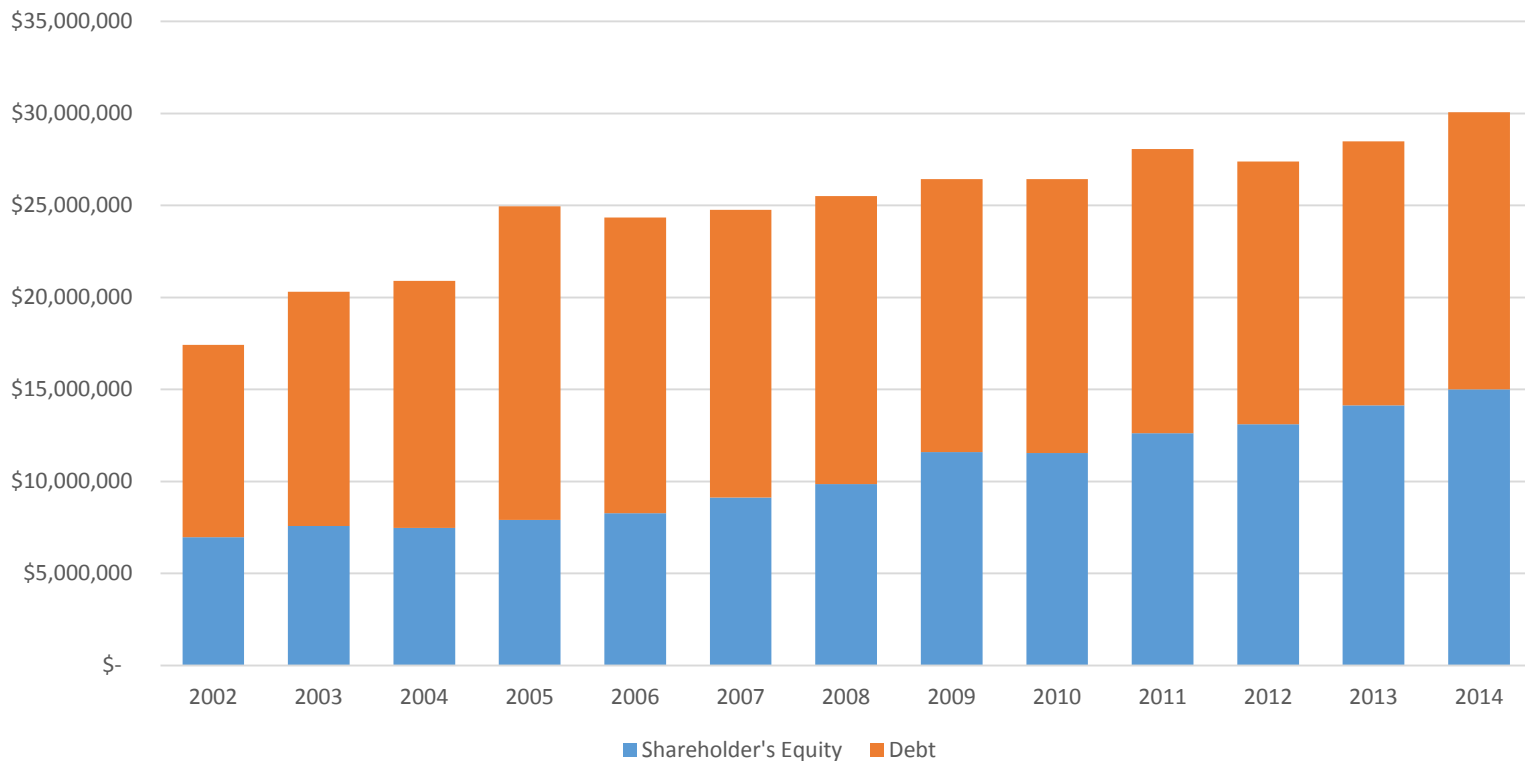
LDCs are required to participate in province-wide programs designed to reduce the demand for electricity. They are given a multi-year conservation target.

- NOTL has achieved over 100% of its 2011-2014 target (\$55,000 reward)
- Approx 1.0 GWh of savings achieved in each year (1GWh = 1,000,000 kWh)
- Target for 2015-2020 is 11.7GWh
- CDM Programs provide NOTL businesses with cash to assist them in reducing their electricity costs and make them more efficient. Over \$1 million of incentives provided from 2011 to 2014.
- NOTL Hydro has received a CDM award from Natural Resources Canada for its efforts, the smallest utility to win this award.
- New Conservation Cultivator project targeted to provide over \$450,000 in funding to wineries, farms and greenhouses.

Assets & Equity

- Value of company increases every year. NOTL Hydro is in a solid financial position

NOTL Hydro - Total Assets



Payments to the Town

Annual Payments to Town

