



Wellington North Power Inc.

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Quarterly Newsletter of Wellington North Power Inc.

Quarter 2: April 1st to June 30th 2020

A quarterly update for Municipal Councillors and Shareholders summarizing Wellington North Power Inc.'s initiatives and performance.

Message from the CEO / President

Thank you for taking the time to read this 2nd quarter 2020 edition of the Wellington North Power Quarterly Newsletter.

Wellington North Power, as an essential service provider, has continued to provide services through the pandemic. We have implemented new procedures and safety protocols both in the field and in the office to keep our customers and employees safe. I am happy to say that staff continue to inform customers of financial assistance programs (e.g. LEAP, OESP, CEAP) and are available to take telephone calls, answer emails and respond to emergencies.

As you read this report you will notice that, like many businesses in this community, WNP has also been negatively impacted by the pandemic due to increased operating costs and reduced revenue resulting in lower than expected income. WNP remains optimistic there will be a steady increase in electricity demand and revenue as business returns to normal.

I would also like to thank our dedicated, hard-working staff who have continued to provide service to our customers during these times.

Jim Klujber – CEO/President, Wellington North Power Inc.

1. Our Commitment

As your local electricity distribution company, we take pride in providing safe, reliable electricity distribution to consumers in the urban areas of Arthur, Holstein and Mount Forest.

Our Mission Statement is: *"Wellington North Power Inc. (WNP) shall provide its customers with the most cost effective delivery of electricity safely, reliably and efficiently. This will be done while providing superior customer service and promoting customer education and green initiatives within its service area."*

Our strategic objectives are to:

- Manage a safe and reliable distribution system in an efficient and cost effective manner.
- Provide outstanding customer service.
- Continue to increase shareholder value.
- Meet all regulatory obligations.

2. 2020 Priorities

- Maintain day-to-day activities: System reliability, safety and customer service;
- Promote Health & Safety to protect staff and the general public;
- Complete capital projects adhering to safety regulations with no reported injuries;
- Work with and support stakeholders with encouraging economic growth in our communities;
- Control and manage operating expenses and capital expenditures;
- Comply with the Ministry of Energy and the energy regulator rules and codes; and
- Keep abreast of activities and speculation in the energy sector.

3. Updates

Business

- To help our customers during these challenging times, WNP has:
 - Deferred an adjustment to its distribution rates that was approved by the OEB. The rate adjustment would have resulted in a small increase in rates, effective May 1st 2020.
 - The Township of Wellington North and WNP waived late payment charges for residential & small business customers with overdue balances for hydro, water & sewer for April & May usage.
 - Customer Service staff telephoned seniors to see how they were faring. The calls were not around issues with their bills or about payment, simply a check-in call to see how the senior is coping.
- WNP staff are back in the office and capital programs have started; however our offices remained closed to the general public. WNP staff will accept office appointments if required.
- The annual ESA 22/04 Compliance Audit was completed June 24th. The purpose of the audit is to confirm compliance to ESA Regulation 22/04 and covered items such as maintenance of the distribution system, purchasing, engineering / design, construction, inspection and health and safety. WNP receive no non-conformances.
- YTD income is below expectations due to reduced revenue and increased operating expenses as a result of the pandemic. WNP is optimistic that the third quarter will yield improvements but will remain behind 2020 budget targets.

Government:

- The Province suspended time-of-use (TOU) electricity rates holding electricity prices to the off-peak rate of 12.8 cents from June 1st to October 31st. Effective November 1st customers can choose a plan that best suits their household and lifestyle with option of either TOU electricity rates or tiered pricing.
- The OEB extended the current ban on electricity disconnections for non-payment for residential customers until July 31, 2020. This amendment also included no disconnections of small businesses.
- On July 13th, the Province launched a new COVID-19 Emergency Assistance Program (CEAP) available to those residents struggling to pay their utility bills as a result of COVID. WNP promoted this new financial program through bill inserts, social media and a notice in the “Wellington Advertiser”.
- All of WNP’s eligible industrial customers have opted into Industrial Conservation Program. By participating, industrial customers are able to manage their global adjustment costs (GA) by reducing their peak demand during peak periods.

Wellington North Power Inc.
Quarterly Update for Shareholders

Page 3 of 4

4. Scorecard

Wellington North Power Inc. uses a Scorecard as an indicator to measure and monitor monthly performance in the four core areas of:

- a) Financial control - income, revenue and operating expenses;
- b) Reliability and safety - planned and unplanned power outages and events;
- c) Customer Service - telephone answer rate, scheduling of work, new connection rate, billing accuracy;

Below is a summary of the key elements of the Scorecard as at (year-to-date):

Indicator	Measure	Variance (YTD Target)	Notes (Summary of variance: Year-to-Date versus 2020 Plan).
Financial Value	Net Income	-44%	Year-to-date income is 44% below YTD budget – lower revenue and delay to starting capital programs.
	Revenue	-3%	Year-to-date revenue is 3% below YTD budget – predominately due to: a) Industrial & Commercial customers shut-down in April due to COVID-19 and b) WNP not implementing new May 1 st OEB-approved inflation adjusted distribution rates.
	Expenses	1%	Year-to-date operating expenses are 1% over YTD budget typical during 1 st quarter.
Reliability	Power Outages due to WNP	-76%	No major outages caused by WNP in Q1 or Q2. Target maximum is 0.22, actual 0.05.
Service Quality	Customer Services indices	92%	WNP is performing ahead for each of the measured service indices in 2020. Services indices targets are set by the energy regulator. (E.g. calls answered, appointments scheduled and completed.)

Legend	Green	On plan / ahead of target
	Amber	Slightly behind plan – to monitor closely
	Red	Behind plan – remedial action required

Note: The “Financial Value” amounts shown are unaudited numbers.

5. Major Projects for 2020

Project	Scope
Pole Line Projects	Wellington North Power plans to complete a number of smaller pole replacement projects.
System Access Projects	WNP will continue to work on a number of smaller projects that will facilitate the connection of new customers.
General Plant	Network and IT Upgrades including improvements for cybersecurity.
General Plant	Replacement of bucket truck (the order was placed in 4 th Quarter 2019).

6. Outlook

- a) The Affordability Fund Trust (AFT) was launched by the Government in late 2017 with annual provincial funding of \$100 million. This program provides energy efficiency measures and upgrades (LED lights, weather-stripping, and certified energy-efficient appliances) to consumers who are not eligible for other low-income energy conservation programs or are unable to make energy efficient improvements without financial assistance. The program manager announced that effective July 31st the program was no longer accepting applications.
- b) WNP continues to promote and assist customers in applying for the Ontario Energy Support Program (OESP) initiative. The OESP program provides financial assistance to eligible low-income households and seniors in our community. Approximately 12% of WNP's customers are participating in the program.
- c) WNP has started its capital programs with a pole line rebuild in Arthur.
- d) WNP continues to review and update our work procedures according to public health guidelines to allow our employees to work safely and protect our customers.
- e) WNP continues to diligently prepare a Cost of Service application for the approval of May 1st 2021 rates as well as the 5-year capital investment plan (2021 to 2025). We plan to file the application with the Ontario Energy Board in the 4th Quarter of 2020.

Should you have any questions or feedback or require further information, please contact Jim Klujber (CEO/President) jklujber@wellingtonnorthpower.com or telephone 519-323-1710.