



Wellington North Power Inc.

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Quarterly Newsletter of Wellington North Power Inc.

Quarter 4: October 1st to December 31st, 2021

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

Message from the CEO / President

Welcome to this 4th quarter 2021 edition of the Wellington North Power Quarterly Newsletter.

2021 was a year of exceptional growth and development in our communities. The historical yearly average growth rate has been 0.7% - in 2021, this doubled to 1.4% resulting in increased capital expenditures but also higher than expected revenue. Our 2021 income statement is strong as we met or exceeded budget expectations.

We have continued to move forward with reviewing software solutions to meet the "Green Button" Ministry of Energy mandate. We hope to determine a path forward by the end of the first quarter 2022. Our goals are to meet the requirements of Green Button, simplify our data flow, and provide a better customer-centric solution.

Our 2022 Annual Shareholder meeting is coming up in May. Currently, we are planning for a virtual meeting.

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. 2021 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 in the energy sector.

3. Updates

Government:

- **October 7th, 2021: Ontario Government Introduces Fall Red Tape Reduction Package.** The package included i) 2-year limitation period for electricity system settlement process; ii) simplify the Regulated Price Plan for electricity; and iii) strengthen consumer protection on electrical safety.
- **November 16th, 2021: Ontario Government Mandate Letter to the Ontario Energy Board.** The Minister of Energy provided a renewed mandate letter to the Chair of the OEB outlining the government's priorities for the energy sector for the upcoming three-year planning period. Priorities included promoting reliability, affordability, sustainability, and consumer choice.
- **December 8th, 2021: Ministry of Energy Meeting with WNP.** The Ministry of Energy's "LDC Outreach & Network Branch" [LDC ON] department met with WNP seeking feedback and experience on many items including OEB modernization, COVID-19 impacts, electric vehicles, cyber security, innovation, collaboration, efficiency, and customer choice.

OEB:

- **October 6th, 2021: Adjustment to OEB Cost Assessment Invoices.** Funds from administrative monetary penalties collected by the OEB for compliance matters were used to reduce the distributors' cost assessment invoices with the expectation that the distributors will supplement their Low-Income Energy Assistance Program (LEAP) budget for 2021 by the same amount. This resulted in WNP forwarding an additional \$5,228 onto our social agency partners in 2021 to assist low-income households struggling to pay their energy bills.
- **September 9, 2021: Feedback on a Proposed Additional Billing Option for Residential Customers.** The Ministry of Energy is considering proposals to offer residential customers further choice in their electricity billing options. Distribution companies were invited to provide feedback on the feasibility, functionality, and timelines to support an additional billing option. Current options are time of use and tiered.

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Quarterly Update for Shareholders

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4. Scorecard

Strategic Objective	Status	Measure	Annual Target	YTD Target	YTD Actual	Variance to YTD Target	Notes / Remedial Plan
Continue to increase Shareholder Value	G	Net Income (Loss)	\$ 413,785	\$ 413,785	\$ 545,492	32%	Based on forecasted year end net income
	G	Revenue	\$ 3,101,138	\$ 3,101,138	\$ 3,162,147	2%	
	G	Expenses	\$ 2,687,353	\$ 2,687,353	\$ 2,616,655	-3%	
	G	Load Forecast (kWhr)	\$ 98,208,546	\$ 98,208,546	\$ 101,904,949	4%	
	G	Debt Service Coverage Ratio (IO)	>1 : 1.30		1 : 2.88		
	G	Debt to Total Assets Ratio (IO + OEB)	60:40 or less		49:51		
	G	Leverage Ratio (Total Debt to Equity) (OEB)	1.50		1.14		
	G	Profitability (Return on Equity) (OEB)	8.34%		9.16%		
Manage a safe and reliable distribution system in an efficient and cost effective manner	G	Capital Expenditure	\$ 627,000	\$ 627,000	\$ 780,556		
	G	Operating Expenditure	\$ 1,895,823	\$ 1,895,823	\$ 1,862,699		
	G	Total Expenditures (CapEx & OpEx)	\$ 2,522,823	\$ 2,522,823	\$ 2,643,255	5%	
	G	System Avg Interruption Duration Index	0.28		0.23		
	G	System Avg Interruption Frequency Index	0.15		0.17		
Provide outstanding customer service	G	Connection of LV Services	90%		100.00%		No HV Connections in 2021
	G	Connection of HV Services	90%		0.00%		
	G	Appointment Scheduling	90%		99.94%		
	G	Appointments Met	90%		99.56%		
	G	Rescheduling a Missed Appointment	100%		100.00%		
	G	Emergency Response (urban)	100%		100.00%		
	G	Telephone Accessibility	65%		90.26%		
	G	Telephone Call Abandon Rate	10%		0.16%		
	G	Written Response to Enquiries	80%		100.00%		
	G	Reconnection for Non-Payment	85%		100.00%		
	G	Billing Accuracy	98%		99.65%		
Meet all regulatory obligations				YTD Actual			
	G	Electrical Safety Association (ESA) Audit		Pass Audit			Audit conducted in July.
	G	Submission of IESO Emergency Prep Plan		Submit Plan			Plan submitted and Approved.
	G	Completion of Distribution System Plan		Submit Plan			Plan submitted and Approved.
	G	Approval of 2021 Cost of Service Rate App		File Application			Application submitted and Approved.
	G	Filing of monthly IESO Settlement Data		Submit Filing			Monthly files submitted
	G	Filing of Cost of Service for 2022 Rates (OEB)		File Application			Application filed in November 2021 as requested
	G	Filing of Annual information with the OEB		Submit Filing			Annual files submitted

Legend:

R	Behind plan / target - remedial action required
A	Slightly behind plan / target - to closely monitor
G	On plan / ahead of target - no remedial action necessary

5. Major Projects for 2021

Project	Scope
Pole Line Projects	Wellington North Power plans to complete a number of smaller pole replacement projects as well as several single pole replacements.
Under Ground Projects	An underground rebuild of a street in Mount Forest. Includes replacement of three live front transformers.
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.
General Plant	Convert existing two washrooms to single AODA compliant washroom.

6. Outlook

- a) WNP 2021 financials ended strong primarily due to increased growth and development in our service-area as well as excellent cost control. The data provided in the scorecard is unaudited and subject to year-end adjustments.
- b) WNP plans to look at new software and systems to support the Ministry of Energy's Green Button initiative. We are currently working with Cornerstone Hydro Electric Concepts (CHEC) utility members to determine best software solutions.
The Green Button allows utility customers to gain access to their electricity data as well as assign third party vendors direct access. The "Green Button Regulation" came into effect on November 1, 2021 and all Ontario utilities are required to offer the Green Button to customers on/before November 2023.
- c) WNP filed its' annual rate application with the Ontario Energy Board (OEB) on November 8, 2021. This application is an inflation adjustment to current 2021 rates and would be effective May 1, 2022.
- d) WNP has been actively participating in the Ontario Energy Board's (OEB) "Proportionate Review of Filing Requirements" initiative which concluded in mid-December 2021. A working group of lawyers, OEB staff, consultants, 2 distribution companies and WNP attended several virtual meetings to discuss improvements to reduce the regulatory burden and cost of preparing rate applications for electricity distributors with less than 20,000 customers. The initiative resulted in several positive changes to the application process. A special thanks to Richard Bucknall for participating on behalf of WNP.
- e) The winter ban on electricity disconnections for non-payment for residential customers began on November 15, 2021. WNP will continue to diligently help our customers including the assistance of financial programs, advice to reduce energy costs and promote energy payment plans.

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.