



Wellington North Power Inc.

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Quarterly Newsletter of Wellington North Power Inc.

Quarter 4: October 1st to December 31st 2019

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

Message from the CEO / President

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

Another year has slipped by and with that, the financial audit season is upon us. I am happy to report our initial numbers indicate a net income above our planned budget for 2019. The final audited results will be presented at the AGM on Tuesday May 26th. Please mark the date in your calendars.

We continue to work on preparing our 2021 "Cost of Service" rate application due to be filed in the 3rd quarter of 2020. We will be planning at least two customer engagement events where we will be soliciting feedback on our capital plan and bill impact.

We continue to see strong interest in residential and commercial development in both Arthur and Mount Forest. We look forward to continuing to support developers with connection to our system.

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. 2019 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;
- Encourage Energy Conservation and continue to deliver energy-savings advice to customers;
- 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

- WNP is preparing a Cost of Service application for approval of May 1st 2021 rates and a 5-year capital investment plan which is due to be filed with the Ontario Energy Board in the 3rd Quarter of 2020. Preparations include:
 - Launch of the Customer surveys;
 - Past performance data;
 - Operations, Maintenance and Administration cost estimates for 2021; and
 - Preparation of 5 year Capital plan.
- The 2020 Budgets were approved by the Board of Directors in November.
- The 2019 major capital projects were completed in December.

Government:

- In March the government issued a directive to Independent Electricity System Operator (IESO) to move delivery of Conservation Programs under the Conservation First Framework from Local Distribution Companies to the IESO. As a result WNP is wrapping up “open” projects with a requirement to close all carry-over projects by 2021.
- In an effort to improve performance and create efficiencies the government initiated governance changes at the energy regulator, the Ontario Energy Board. Changes at the OEB include:
 - Board of Directors will be responsible for governance and strategic oversight of the OEB, "interfacing" with the Minister and the government. The Board Chair will "be accountable" to the Minister "for ensuring the independence and effectiveness of the OEB's adjudicative process."
 - A CEO to provide executive leadership for all operational and policy aspects of the OEB.
 - Commissioners to take on the adjudicative roles for hearing and determining matters within the OEB's jurisdiction. The Chief Commissioner will assign cases and ensure "the timeliness and dependability of the regulatory process."
- To improve bill transparency, the government initiated changes to the electricity bill effective on November 1st 2019. WNP tested and implemented the necessary bill print changes meeting the required effective date.

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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;
- d) Conservation - energy savings in our community against a mandated Ministry of Energy set target.

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 2019 Plan).
Financial Value	Net Income	+40%	Year-to-date income is 40% higher than annual target.
	Revenue	+2%	Year-to-date revenue is 2% above budget.
	Expenses	-1%	Year-to-date operating expenses are 1% below annual budget.
Reliability	Power Outages due to WNP	+1%	No major outages caused by WNP. 1% above WNP's 5-year reliability average target as set by the OEB. This variance is due to: <ul style="list-style-type: none"> Planned pole-line construction work in resulting in multiple outages for Residential customers. [Note: this excludes upstream outages – i.e. outages caused by others that can affect WNP's distribution system.]
Service Quality	Customer Services indices (calls answered, appointments scheduled and completed)		Services indices targets are set by the energy regulator. WNP is performing ahead for each of the measured service indices in 2019.
Energy Conservation	2015 to 2019 Energy Savings	2,875,721 kWh	In March of 2019 the Independent Electricity System Operator (IESO) issued changes to the "Conservation First Framework". Local Distribution Companies, such as WNP, are no longer involved in this initiative and the program delivery is now solely by the IESO. As at March 2019, WNP had achieved 59% of its' 2015-2020 Conservation First Framework target of 5,890,000 kWh of energy savings.
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. Audited 2019 values will be available in April 2020.

5. Major Projects for 2019

Project	Scope
Pole Line Projects	Wellington North Power complete a number of pole line replacement projects in Arthur and Mount Forest.
System Access Projects	WNP will continue to work on a number of smaller projects that will facilitate the connection of new customers.
LED Street Lights	Wellington North Power is replacing the existing HPS street light fixtures in Arthur and Mount Forest with energy efficient LED fixtures
Cybersecurity	Third party audit.

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. WNP and its delivery partner, GreenSaver have finalized a contract and are now promoting and delivering AFT to our customers on behalf of the Government. Participation in this program is low with 23 participants to date (up from 19 in the 3rd quarter).
- 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 submitted its application for 2020 rates effective May 1st to the energy regulator, the Ontario Energy Board in November. WNP has responded to a number of questions raised by OEB staff and is expecting its Decision & Rate Order in March 2020.
- d) WNP is preparing for new customer service rules that come into effect in March 2020. The rules were reviewed by the OEB and have been amended to "strengthen protection for electricity and natural gas consumers". Changes include customers will have 20 days (up from 16 days) to pay their bill; customers will receive an "Overdue Notice" if they have not paid their account on the Due Date; and the period for physical disconnection because of non-payment will be 14 days (up from 11 days). The Customer Service team will be testing system modifications that are necessary to cope with the new rules and will inform our customers of the pending changes by social media postings, information on our website and at the service counter.
- e) WNP is initiating planning for the 2020 capital projects which includes a number of pole line rebuilds as well as the purchase of a new bucket truck.
- f) Annual line clearing (tree trimming) activities will begin in the 1st quarter of 2020. WNP maintains a minimum clearance between vegetation and power lines for safety and system reliability.

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.