

Scorecard - Wellington North Power Inc.

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	Trend	Target	
									Industry	Distributor
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	100.00%	↔	90.00%	
		Scheduled Appointments Met On Time	95.60%	99.00%	99.42%	99.09%	98.11%	↑	90.00%	
		Telephone Calls Answered On Time	100.00%	99.90%	99.72%	99.00%	99.00%	↓	65.00%	
	Customer Satisfaction	First Contact Resolution	99.63%	99.84%	99.83%	99.87%	99.85%			
		Billing Accuracy	99.56%	99.47%	99.60%	99.57%	99.49%	↓	98.00%	
		Customer Satisfaction Survey Results	A	79.0%	79%	81.1%	81.1			
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	82.40%	82.40%	83.30%	83.30%	83.50%			
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	C	C	C	C	↔		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	↔	
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	↔		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.06	0.34	0.10	0.16	0.24	↓		0.28
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.06	0.20	0.16	0.33	0.20	↑		0.15
	Asset Management	Distribution System Plan Implementation Progress	DSP filed	24%	35%	69%	79.8			
	Cost Control	Efficiency Assessment	4	4	4	4	3			
		Total Cost per Customer <sup>3</sup>	\$791	\$838	\$812	\$818	\$847			
Total Cost per Km of Line <sup>3</sup>		\$38,763	\$39,667	\$38,753	\$39,383	\$15,594				
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>	12.05%	22.39%	37.46%	50.00%	51.00%			5.89 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time				100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%		100.00%		↔	90.00%	
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.97	1.06	1.00	1.03	0.96			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.56	1.56	1.24	1.48	1.44			
		Profitability: Regulatory Deemed (included in rates)	9.12%	9.19%	9.19%	9.19%	9.19%			
		Return on Equity Achieved	7.30%	10.68%	7.12%	7.77%	6.47%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
 2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.  
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.  
 4. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

**Legend:**

5-year trend  
 ↑ up   ↓ down   ↔ flat

Current year  
 ● target met   ● target not met

# Wellington North Power Inc.'s 2019 Scorecard: Management Discussion & Analysis

## General Overview:

Wellington North Power Inc. is an electricity distribution company regulated by the Ontario Energy Board. Our company provides safe and reliable electricity distribution to consumers in the urban areas of Arthur, Holstein and Mount Forest.

Wellington North Power Inc.'s Scorecard summarizes how we are performing each year against measures set by the energy regulator, the Ontario Energy Board. All electricity distributors in Ontario publish their Scorecard performance results annually.

The Ontario Energy Board's document "*Scorecard - Performance Measures and Descriptions*" provides a plain language description of each measure and how the performance may be compared for each of the Scorecard's categories in the 2019 Scorecard Management Discussion and Analysis – this document can be viewed on the Ontario Energy Board's website at:

<https://www.oeb.ca/utility-performance-and-monitoring/what-are-electricity-utility-scorecards>

Wellington North Power Inc. continues to focus on you, the customer. We make every effort to engage our customers to ensure we are aware of your needs and are committed to provide a safe and reliable service at the least possible cost as well as meeting legislative and regulatory requirements.

Aging distribution infrastructure continues to be the primary challenge facing utilities today. Similar to most utilities in Ontario, Wellington North Power Inc. needs to maintain or replace aging infrastructure in order to maintain the reliability and safety of electricity distribution within our community.

In 2020, Wellington North Power Inc. will continue to focus on improving its overall Scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in our infrastructure, our employees and in our response to your needs.

Thank you for taking the time to review our 2019 Scorecard.

Should you have any questions or comments regarding Wellington North Power Inc.'s Scorecard, please call us at 519-323-1710 (business hours) or e-mail [customerservice@wellingtonnorthpower.com](mailto:customerservice@wellingtonnorthpower.com).

*Wellington North Power Inc.*

- **New Residential/Small Business Services Connected on Time**

In 2019, Wellington North Power Inc. received 42 low-voltage (connections under 750 volts) connection requests from residential and small business customers. All requests were safely connected within the five business day timeline as prescribed by the Ontario Energy Board. This represents a slight decrease of 14% in the number of connection requests compared to 2018.

Wellington North Power Inc. views “New Services Connected on Time” as an important form of customer engagement because this is our first opportunity to meet and/or exceed customers’ expectations which promotes customer satisfaction.

Consistent with prior years, Wellington North Power Inc. connected 100% of these customers on time (i.e. within 5 working days) which exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

**Outlook:** Wellington North Power Inc. expects to maintain this level of performance for this service.

- **Scheduled Appointments Met On Time**

Wellington North Power Inc. scheduled 265 appointments (where the presence of a customer / customer representative is required) in 2019 to connect services, disconnect services or complete work requested by our customers. This represents an increase of 20% in the number of scheduled appointments compared to 2018.

Wellington North Power Inc. considers “Scheduled Appointments Met” as an important form of customer-engagement as customer presence is required for all types of appointments. Wellington North Power Inc. met 98.11% of these appointments on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

**Outlook:** Wellington North Power Inc. expects to maintain this level of performance for this service.

- **Telephone Calls Answered On Time**

In 2019, Wellington North Power Inc. received 5,676 telephone calls. Of these calls, 4,921 were “qualified” telephone calls (i.e. related to electricity). The utility received 1% more “qualified” telephone calls in 2019 compared to 2018; however the 5-year trend from 2015 to 2019 shows the number of telephone calls reducing suggesting more customers prefer to contact us by e-mail rather than by telephone.

Wellington North Power Inc. considers “Telephone Calls” to be an important communication tool for responding to customers’ needs. Wellington North Power live-answered 99.00% of these calls in 30 seconds or less, which exceeds the Ontario Energy Board mandated target of 65% for this measure.

**Outlook:** Wellington North Power Inc. expects to maintain this level of performance for this service.

- **First Contact Resolution**

First Contact Resolution is a scorecard measure introduced by the Ontario Energy Board (OEB) in 2014. Currently, there is no standardized definition and therefore this measure may differ from other electricity distribution companies in the Province.

Wellington North Power Inc. defines “First Contact Resolution” as the number of customer service enquiries received by telephone, letter, fax or e-mail that are resolved by the first contact person at the utility (i.e. the query is not escalated to an alternative person at the company such as a supervisor or a manager.) We consider the ability to address customer enquiries efficiently and accurately to be an essential component of customer satisfaction.

In 2019, Wellington North Power Inc. received 5,299 enquiries from its customers, of which 99.85% were successfully resolved at the point of first contact.

**Outlook:** Wellington North Power Inc. expects to maintain this level of customer satisfaction.

- **Billing Accuracy**

Billing Accuracy is defined as the number of accurate bills issued shown as a percentage of total bills issued. Wellington North Power Inc. considers timely and accurate billing to be an essential component of customer satisfaction.

In 2019, Wellington North Power Inc. issued 45,762 customer bills and achieved a billing accuracy of 99.49% which is above the Ontario Energy Board mandated target of 98%.

**Outlook:** Wellington North Power Inc. expects to maintain this level of customer satisfaction.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a scorecard measure introduced by the Ontario Energy Board (OEB) in 2014. Currently, there is no standardized definition and therefore this measure may differ from other utilities in the Province.

Wellington North Power Inc. engaged a third-party organization to conduct a customer satisfaction survey. This statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications and the overall customer service experience. We believe this satisfaction survey to be useful tool for engagement to identify customer requirements with respect to the provision of electricity services as well as identifying areas that may require improvement.

Wellington North Power Inc.’s Customer Satisfaction latest survey was conducted in 2018 and received a rating of 81.10%. Thank you for participating in this telephone survey and for providing positive feedback about your local hydro company.

**Outlook:** Wellington North Power Inc. is required to report on this measure every two years with the next survey being conducted in 2020.

- **Public Safety**

The Public Safety measure is generated by the Electrical Safety Authority (ESA) and consists of three components as described below:

**a) Component A – Public Awareness of Electrical Safety:**

Component A involves a new statistical survey that gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment located in Wellington North Power Inc.’s service area. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required.

Wellington North Power Inc. engaged a third-party organization to conduct the Electrical Safety Authority’s Public Awareness safety survey. The utility considers this survey to be useful tool to measure customer’s knowledge of electrical safety as well as identifying areas that may require improvement.

Wellington North Power Inc.’s most recent public awareness safety survey was conducted in 2019 and received a rating of 83.50% which falls within the very tight spectrum of index scores for all distribution companies in Ontario.

**Outlook:** Wellington North Power Inc. is required to report on this measure every two years with the next survey being conducted in 2021.

**b) Component B – Compliance with Ontario Regulation 22/04:**

Component B is an evaluation of Wellington North Power Inc.’s compliance with Ontario Regulation 22/04 – “Electrical Distribution Safety”. Ontario Regulation 22/04 defines the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service.

Annual audits conducted by the Electrical Safety Authority have reported that Wellington North Power Inc. was “C” - Compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This has been achieved and maintained by our resilient commitment to safety coupled with the adherence to company procedures & policies.

**Outlook:** Wellington North Power Inc. will continue to construct and maintain the electrical distribution system in accordance with the safety standards set-out by the Ontario Regulation 22/04 code.

**c) Component C - Serious Electrical Incident Index:**

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility’s territory.

During 2019, Wellington North Power Inc. had zero fatalities and zero serious incidents within its operating service area of the urban areas of Arthur, Holstein and Mount Forest.

**Outlook:** Wellington North Power Inc. will continue its commitment to safety to protect the public and employees within our community.

- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. Wellington North Power Inc. considers the reliability of electrical service as a high priority for its customers and constantly monitors its distribution system for signs of reliability degradation. Regular maintenance of equipment is carried-out to ensure the level of reliability is kept as high as possible.

The Ontario Energy Board (OEB) requires a utility to keep its hours of interruption within the range of its historical performance. Wellington North Power Inc.'s 5-year performance is 0.28 average hours based on the utility's average performance for the years of 2011 to 2015.

In 2019, Wellington North Power Inc. achieved 0.24 average hours of interrupted power which is below the utility's target of 0.28 average hours.

**Outlook:** Wellington North Power Inc. anticipates its system reliability to be within the performance target of 0.28 average hours of interruption.

- **Average Number of Times that Power to a Customer is Interrupted**

The average number of times that power to a customer is interrupted is also a measure of system reliability and is also a high priority for Wellington North Power Inc. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure.

In 2019, Wellington North Power Inc. experienced interrupted power 0.20 times which is marginally above the range of the utility's 5-year average performance of 0.15 times for interrupted power between the years of 2011 to 2015. This frequency of increased power outages was primarily a consequence of:

- Planned projects, such as pole-line replacement in a residential area, will result in residential customers experiencing a brief power outage to enable crews to work safely rather than work on a "live system". We count each residential property individually when there is a power-outage.

**Outlook:** Wellington North Power Inc. anticipates its system reliability to be within the performance target of 0.15 times per customer.

Notes:

- 1) The above measures exclude power outages caused by a "Loss of Supply". A "Loss of Supply" are interruptions due to an outage that occurs upstream of a Wellington North Power Inc.'s electricity system and is beyond the control of the company.
- 2) The above measures also exclude defined major events (there were 0 major events reported by Wellington North Power Inc. in 2019).
- 3) The above measures include planned and unplanned power outages:
  - "Planned" outages are scheduled with affected customers being notified in advance. The electricity supply is turned off to allow powerline technicians to work safely.
  - "Unplanned" outages include equipment failure or damage, obstacles interfering with power lines (such as tree limbs) and severe weather conditions (including strong winds or heavy snow or rain and ice accumulation).
- 4) Wellington North Power Inc. has adopted a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance customers' expectations versus utility affordability. This approach is summarized in our Distribution System Plan discussed below.

## Operational Effectiveness: **Asset Management**

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a performance measure implemented by the Ontario Energy Board (OEB) beginning in 2013. The Distribution System Plan illustrates Wellington North Power Inc.'s forecasted capital expenditures over the next five years that are required to maintain the utility's electricity system; meet the current and future requirements of our customers; as well as keep pace with technological, safety and legislative changes.

The Distribution System Plan Implementation Progress measure is intended to assess Wellington North Power Inc.'s effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization and as a result, this measure may differ from other electricity distribution companies in the Province.

Wellington North Power Inc. filed its 5-year Distribution System Plan with the Ontario Energy Board in 2015, detailing planned capital expenditures for the years 2016 to 2020. From 2016 to 2019 inclusive, the utility has spent 79.8% of its planned total 5-year capital budget.

**Outlook:** Wellington North Power Inc.'s planned capital expenditure in 2020 accounts for 15% of the approved total 5-year capital planned budget.

## Operational Effectiveness: **Cost Control**

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the Ontario Energy Board to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

The five efficiency groups are ranked as: 1 = Excellent; 2 = Good; 3 = Average; 4 = Fair; and 5 = Poor.

In 2019, Wellington North Power Inc. was placed in Group 3 in terms of efficiency – i.e. defined as having actual costs between -10% to +10% compared to the predicted modelled costs. Group 3 is considered “average” – i.e. costs are in-line with the average cost range for all electricity distributors in the Province. (In 2018, Wellington North Power Inc. was placed in efficiency Group 4 – “Fair”).

**Outlook:** Although Wellington North Power Inc.'s forward looking goal is to advance to a “more efficient” group, management's expectation is that its efficiency performance will not decline in the foreseeable future.

- **Total Cost per Customer**

$$\text{Total Cost per Customer} = \frac{\text{Capital Costs} + \text{Operating Expenses}}{\text{Total Number of Customers serviced by Wellington North Power Inc.}}$$

The cost performance result for 2019 is \$847<sup>1</sup> per customer which is a 3.6% increase (\$29 increase per customer per year) compared to 2018. This slight increase is due to higher operating costs in 2019. Wellington North Power Inc.'s Total Cost per Customer has increased by 1.4% per year over the 5-year period of 2015 to 2019.

Similar to most distributors in the province, Wellington North Power Inc. has experienced increases in its' total costs required to deliver quality and reliable services to customers. Investments in new information systems technology and labour cost adjustments for inflation for our employees as well as the renewal of the distribution system have all contributed to increased operating and capital costs. Wellington North Power Inc. will continue to replace distribution assets balancing system risks and customer bill impacts as described in the utility's Cost of Service 2016 rate application. In addition, on-going customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on their local hydro's capital spending plans.

**Outlook:** It is anticipated the utility's costs are expected to keep pace with economic fluctuations and inflation rates. Wellington North Power Inc. will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements while maintaining the reliability and quality of its distribution system.

- **Total Cost per Km of Line**

$$\text{Total km of line} = \frac{\text{Capital Costs} + \text{Operating Expenses}}{\text{Kilometers of line maintained by Wellington North Power Inc.}}$$

The cost performance result for 2019 is \$15,594<sup>2</sup> per kilometer of line which is a 60% decrease compared to 2018. The decrease is due to a change in the Ontario Energy Board's methodology in 2019 of calculating total cost per km of line. In 2019, the utility reported to the OEB the length of primary overhead and underground lines (as per previous years) as well as the length of secondary overhead and underground lines. The inclusion of secondary line results in the total line length increasing from 79 km to 208 km.

Wellington North Power Inc.'s growth rate for its territory is considered to be relatively steady at less than 1% per year. The utility will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

**Outlook:** As noted above, Wellington North Power Inc. will continue to replace distribution assets to maintain electricity system reliability and to meet customers' requirements as well as technology demands.

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<sup>1</sup> Based on the econometric benchmarking analysis conducted by a third-party appointed by the Ontario Energy Board using distributor reported information.

<sup>2</sup> Based on the econometric benchmarking analysis conducted by a third-party appointed by the Ontario Energy Board using distributor reported information.

In 2015, a new energy conservation program called “Conservation First Framework” was mandated by the Ministry of Energy for the period 2015 to 2020 (6 years). Consequently, the program administrator, the Independent Electricity System Operator (IESO) established CDM targets for the reduction of electrical consumption (kWh’s) to be met by licensed electricity distributors across the province.

The Independent Electricity System Operator (IESO) supports this initiative by measuring the energy savings as a result of Provincial approved energy saving programs. These approved energy savings programs are available to all energy consumers - Residential, Small Business, Industrial and Commercial.

Wellington North Power Inc. Energy Conservation Plan was approved by the Independent Electricity System Operator.

In January 2016, Wellington North Power Inc. announced its partnership with GreenSaver for delivery and promotion of conservation programs in our service area. This partnership has been successful with GreenSaver promoting energy conservation to all our customers and providing knowledgeable assistance to complete energy-saving programs.

- **Net Cumulative Energy Savings (percent of target achieved)**

Wellington North Power Inc.’s Energy Savings target for the period 2015 to 2020 is 5.89 GWh (5,890,000 kWh – equivalent to a 5% annual reduction of electricity consumption from all Wellington North Power Inc.’s customers in Arthur, Holstein and Mount Forest.)

The utility has achieved 51% of the six-year target kWh energy savings.<sup>3</sup> Wellington North Power Inc. and GreenSaver continued to forge good relationships with residential, small business and commercial customers. This was achieved by leveraging the suite of Provincial approved energy-saving programs designed for the residential, small business and commercial customers.

**Outlook:** In March 2019, the Minister of Energy, Northern Development and Mines directed the Independent Electricity System Operator (IESO) to discontinue the current 2015-2020 Conservation First Framework and implement a new interim framework, in support of the government’s goal to reduce electricity costs for customers.

The change meant the IESO will centrally deliver energy-efficiency programs on a province-wide basis with a focus on business and industrial programs beginning April 1, 2019 until December 31, 2020. Ontario businesses will continue to have access to incentives for retrofits and other energy-efficiency projects, and the Home Assistance program for low-income customers will also continue. Program-specific information can be found on the Save on Energy website at: <https://www.saveonenergy.ca/>

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<sup>3</sup> The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

- **Renewable Generation Connection Impact Assessments Completed on Time**

All new or proposed Feed-in-Tariff generation connections (FIT) require a Connection Impact Assessment (CIA) to be performed to determine (a) if there is sufficient capacity and (b) it is safe to connect the generation project to the distribution/transmission network. A distributor has 120 days to complete the CIA from the date the application is received from the customer.

In 2019, Wellington North Power Inc. received no IESO approved FIT applications and therefore no CIA assessments were required.

**Outlook:** Wellington North Power Inc. anticipates no or very few new renewable generation requests in 2020; however, the utility is ready to review and support requests if there is customer demand.

- **New Micro-embedded Generation Facilities Connected On Time**

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. The Ontario Energy Board expects these facilities to be connected within 5 business days once contractually approved by the Independent Electricity System Operator.

In 2019, Wellington North Power Inc. received no new micro-embedded generation facility requests.

**Outlook:** Wellington North Power Inc. anticipates there will be no new Micro-embedded Generation facility connections in 2020 as the program ended in 2018.

**Financial Performance: Financial Ratios**

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Wellington North Power Inc.'s current ratio slightly decreased from 1.03 in 2018 to 0.96 in 2019. This liquidity decrease was due to the final payment of invoices to contractors in Quarter 1 of 2019 related to replacing our substation (MS3) in Mount Forest that was completed in 2018.

**Outlook:** Wellington North Power Inc.'s current ratio is expected to remain between 1 and 1.5 in 2020.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. A high debt to equity ratio indicates a utility may have difficulty generating sufficient cash flows to make its debt payments; while a low debt-to-equity ratio indicates that a utility is not taking advantage of the increased profits that may be had through increased financial debt.

In 2019, Wellington North Power Inc.'s debt to equity ratio was 1.44 which is fractionally below the 1.5 ratio expected by the Ontario Energy Board.

**Outlook:** For 2020, Wellington North Power Inc. expects to maintain a debt to equity ratio of 1.5 as per the Ontario Energy Board's expectations.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

Return on Equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. A ROE of 10% is generally considered good.

Wellington North Power Inc.'s current distribution rates were approved by the Ontario Energy Board (OEB) in 2016 with an expected (deemed) regulatory return on equity of 9.19%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

Wellington North Power Inc. achieved a Return on Equity (ROE) of 6.47% in 2019, which is within the +/-3% range allowed by the Ontario Energy Board (*see above paragraph*), a variance of -2.72% below the expected (deemed) Return on Equity of 9.19%.

Wellington North Power Inc.'s ROE over the past five years has been steady recognizing good cost-control and budgetary practices.<sup>4</sup>

**Outlook:** For 2020, Wellington North Power Inc. anticipates a Return on Equity within the +/-3% range of 9.19%.

<b>Important Note:</b>
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The information provided by Wellington North Power Inc. for the utility's future performance ("outlook" or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgment on the reporting date of the performance scorecard, and could be markedly different in the future.

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<sup>4</sup> 2016's RoE included regulatory revenue earned from prior years that, with OEB approval and direction, was realized in the utility's 2016 Audited Financial Statements. This regulatory revenue accounted for approx. 3.3% of 2016's ROE of 10.68%.