Scorecard - Wellington North Power Inc.

8/12/2024

Performance Outcomes	Performance Categories	Measures		2019	2020	2021	2022	2023	Trend	Target	
										Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	**Service Quality**	New Residential/Small Business Services Connected on Time		100.00%	96.88%	100.00%	100.00%	100.00%	↑	90.00%	
		Scheduled Appointments Met On Time		98.11%	99.49%	99.56%	98.84%	97.40%	↓	90.00%	
		Telephone Calls Answered On Time		99.00%	86.33%	90.26%	97.81%	99.38%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution		99.85	99.81%	99.70	99.85%	99.52%			
		Billing Accuracy		99.49%	99.47%	99.52%	99.82%	99.57%	↑	98.00%	
		Customer Satisfaction Survey Results		81.1	80%	80%	79%	79%			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	**Safety**	Level of Public Awareness		83.50%	83.50%	84.70%	84.70%	84.10%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	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 [2]		0.24	0.51	0.23	0.35	0.10	↓		0.27
		Average Number of Times that Power to a Customer is Interrupted [2]		0.20	0.34	0.17	0.34	0.10	↓		0.24
	Asset Management	Distribution System Plan Implementation Progress		79.8	97.00%	22%	40%	87%			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer [3]		$847	$849	$831	$863	$1,006			
		Total Cost per Km of Line [3]		$15,594	$15,607	$15,101	$15,820	$18,238			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	**Connection of Renewable Generation**	New Micro-embedded Generation Facilities Connected On Time				100.00%	100.00%	100.00%	→	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	**Financial Ratios**	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.96	0.81	0.77	0.77	1.06			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.44	1.56	1.24	1.06	1.08			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	8.34%	8.34%	8.34%			
			Achieved	6.47%	5.33%	11.18%	12.01%	10.32%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. 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.

Legend:

5-year trend
↑ up ↓ down → flat

Current year
target met target not met

Wellington North Power Inc.'s 2023 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 can be compared for each of the Scorecard's categories in the 2023 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. makes every effort to engage our customers to ensure we are aware of your needs and are committed to providing a safe and reliable service at the least possible cost as well as meeting all legislative and regulatory requirements.

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

In 2024, Wellington North Power Inc. will continue to focus on maintaining and improving our Scorecard performance results. We will continue to invest in our infrastructure, our employees and in our service to fulfill your needs.

Thank you for taking the time to review our 2023 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.

Wellington North Power Inc.

Customer Focus: **Service Quality**

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

  In 2023, Wellington North Power Inc. received 208 low-voltage (connections under 750 volts) connection requests from residential and small business customers. This represents an increase of 69% in connection requests compared to 2022 and is due to increasing construction and building projects in our service territory. (For the 5-year period of 2019 to 2023, we received an average of 98 new connections per year).

  We view "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. Wellington North Power Inc. connected 100.00% of these customer-requested connections on time (i.e. within five 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**

  In 2023, Wellington North Power Inc. scheduled 374 appointments where the presence of a customer or customer representative is required for the connection/disconnection of services or to complete work as requested by our customers. This represents an increase of 46% in the number of scheduled appointments compared to 2022 and is predominantly due to the increased construction projects in our service territory.

  We consider "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 97.40% 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 2023, Wellington North Power Inc. received 5,969 telephone calls. Of these calls, 4,516 were "qualified" telephone calls (i.e. calls received during business hours and related to electricity).

  We consider "Telephone Calls" to be an important communication tool for responding to customers' needs. Wellington North Power Inc. "live answered" 4,488 of these calls in 30 seconds or less, i.e. the call was answered by an employee of the company. This represents a call-answer rate of 99.38% which exceeds the Ontario Energy Board mandated target of 65% for this measure.

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

Customer Focus: **Customer Satisfaction**

- **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 vary from other electricity distribution companies in the province.

  We define "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 2023, Wellington North Power Inc. received 5,865 enquiries from our customers, of which 99.52% 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. We consider timely and accurate billing to be an essential component of customer satisfaction.
  In 2023, Wellington North Power Inc. issued 50,035 customer bills and achieved a billing accuracy of 99.57% which is above the Ontario Energy Board mandated target of 98.00%.

  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 vary 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 several 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 a 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.

  Our latest Customer Satisfaction survey was conducted in 2022 and received a rating of 79%. 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 2024.

- **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. We consider this survey to be a useful tool to measure customer's awareness of electrical safety and identifying areas that may require improvement. Our most recent public awareness safety survey was conducted in 2023 and received a rating of 84.10% 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 2025.

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 our adherence to company procedures and policies.

Outlook: Wellington North Power Inc. will continue to construct and maintain the electrical distribution system in accordance with the safety standards set 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 2023, 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 protecting the public and employees within our community.

Operational Effectiveness: **System Reliability**

- **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 of the distribution system. Wellington North Power Inc. considers the reliability of electrical service as a high priority and monitors its distribution system for signs of reliability degradation. Regular maintenance of equipment is performed to ensure the level of reliability is kept as high as possible.
  The OEB's target is the utility's historical 5-year average performance. Wellington North Power Inc.'s 5-year average is 0.27 hours based on the utility's average performance for the years of 2016 to 2020.

  In 2023, a Wellington North Power customer experienced 0.10 average hours of interrupted power for the whole year which is below the utility's target of 0.27 average hours. Because of planned projects, such as pole-line replacement, customers experience a brief power outage to enable crews to work safely rather than work on a "live system". The utility counts each residential and/or business property as an outage when there is an interruption.

  Outlook: Wellington North Power Inc. anticipates its system reliability to be within the performance target of 0.27 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 noted above, the OEB also requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure.

  In 2023, a Wellington North Power customer experienced interrupted power 0.10 times during the year and this performance is below the utility's historical 5-year average of 0.24 times. As noted above, the utility counts each residential and/or business property as an outage when there is an interruption.

  Outlook: Wellington North Power Inc. anticipates its system reliability to be within the performance target of 0.24 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 Wellington North Power Inc.'s electricity system and is beyond the control of the company.
  2) The above measures also exclude defined major events such as extreme weather. In 2023, Wellington North Power Inc. reported 3 major events.
  3) The above measures include planned and unplanned power outages:
     - "Planned" outages are scheduled with affected customers being notified in advance. Hydro 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) We have 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) in 2013. The Distribution System Plan illustrates Wellington North Power Inc.'s forecasted capital expenditures over the next five years 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 vary 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 2021, detailing planned capital expenditures for the years 2021 to 2025. In its third cycle year of the plan (2023), the utility has spent 87% of its planned total 5-year capital budget.

  Outlook: Wellington North Power Inc.'s anticipates its actual capital spending in 2024 will be higher than the approved total 5-year capital planned budget due to continuing growth, construction and development in our service territory.

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 2023, Wellington North Power Inc. was placed in Group 3 in terms of efficiency, that is 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 2022, Wellington North Power Inc. was placed in efficiency Group 3 – "Average").

  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**

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

The cost performance result for 2023 is $1,006[1] per customer which is an increase of 16.6% compared to 2022 (equivalent to $143 per customer per year). This increase is due to higher material costs and operating costs in 2023.
Wellington North Power Inc.'s Total Cost per Customer has increased by 3.8% per year (equivalent to $31.78 per customer per year) over the 5-year period of 2019 to 2023.

Like 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. Continual investments in new information systems technology, cyber-security controls 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 2021 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**

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

The cost performance result for 2023 is $18,238[2] per kilometer of line which is an increase of 15.3% compared to 2022 This increase is due to higher costs for materials and equipment.

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.

[1] Based on the econometric benchmarking analysis conducted by a third-party appointed by the Ontario Energy Board using distributor reported information.
[2] Based on the econometric benchmarking analysis conducted by a third-party appointed by the Ontario Energy Board using distributor reported information.

Public Policy Responsiveness: **Connection of Renewable Generation**

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

  All new or proposed generation connections require a Connection Impact Assessment (CIA) to be performed to determine (a) if there is sufficient capacity and (b) whether 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 2023, Wellington North Power Inc. received no IESO approved renewable generation applications and therefore no CIA assessments were required.

  Outlook: Wellington North Power Inc. anticipates no or very few new renewable generation requests in 2024; however, the utility is prepared 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 2023, the utility received 1 new micro-embedded net metering generation request which was connected within 5 business days.

  Outlook: Wellington North Power Inc. anticipates there will be new micro-embedded net-metering generation facility connections in 2024 and the utility will endeavour to connect these facilities as expediently as possible.

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 was 1.06 in 2023. The liquidity rate increased due to the utility securing a new financial loan to pay for planned capital projects.

  Outlook: Wellington North Power Inc.'s expects its current ratio to increase marginally as regulatory balances are collected through 2024 distribution rates.

- **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 2023, Wellington North Power Inc.'s debt to equity ratio was 1.08 which is below the 1.5 ratio expected by the Ontario Energy Board.

  Outlook: In 2024, Wellington North Power Inc. expects debt-to-equity ratio to marginally increase.

- **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 2021 with an expected (deemed) regulatory return on equity of 8.34%. 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 10.32% in 2023, which is marginally above the +/-3% range allowed by the Ontario Energy Board, a variance of +1.98% above the expected (deemed) Return on Equity of 8.34%.

  The above target Return on Equity is a consequence of continual growth and construction in our service territory resulting in more connections and customer accounts.

  Outlook: Wellington North Power Inc. anticipates its Return on Equity will fall within the +/-3% range of 8.34% in the future.

Important Note:

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.