

Scorecard - Wellington North Power Inc.

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	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%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	99.80%	97.60%	95.20%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	65.00%		
	Customer Satisfaction	First Contact Resolution								99.91%	
		Billing Accuracy							➡	98.00%	
		Customer Satisfaction Survey Results								A	
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 [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	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	0.00	0.92	0.44	0.14	0.12	⬇		at least within 0.00 - 0.92	
		Average Number of Times that Power to a Customer is Interrupted	0.04	0.40	0.15	0.10	0.11	⬇		at least within 0.04 - 0.40	
	Asset Management	Distribution System Plan Implementation Progress								On Target	
	Cost Control	Efficiency Assessment			4	4	4				
Total Cost per Customer ¹		\$672	\$764	\$740	\$785	\$785					
Total Cost per Km of Line ¹		\$31,929	\$36,441	\$35,543	\$38,175	\$38,552					
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).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) ²		3.96%	18.42%	24.98%	51.70%	●		0.93MW	
		Net Cumulative Energy Savings (Percent of target achieved)		13.07%	46.35%	65.49%	73.24%	●		4.52GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time					100.00%				
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.18	1.12	1.01	1.52	0.79				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.74	0.84	0.84	1.30	1.39				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.57%	9.12%	9.12%	9.12%			
			Achieved		-7.59%	1.66%	4.35%	5.74%			

Notes:

- These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
- The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend:

- up
- down
- flat
- target met
- target not met

Wellington North Power Inc.'s 2014 Scorecard:

Management Discussion & Analysis

General Overview:

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

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 and this information can be found on the Ontario Energy Board's website at <http://www.ontarioenergyboard.ca/oeb/Consumers>.

In 2014, your local hydro company, Wellington North Power Inc. exceeded all industry performance targets with the exception of Conservation & Demand Management.

Aging distribution infrastructure continues to be the primary challenge facing utilities today and, similar to most utilities in Ontario, Wellington North Power Inc. needs to maintain or replace aging infrastructure at an accelerated pace in order to maintain the reliability and safety of electricity distribution within our community. In 2014, Wellington North Power Inc. successfully replaced one of its six substations – the “old” substation was over 50 years old and was showing signs of age and deterioration. The new substation was completed on-time, with minimum disruption to customers and will aid the company in maintaining a safe and reliable distribution of electricity to our community.

Wellington North Power Inc. continues to focus on you, the customer. Wellington North Power Inc. makes every effort to engage its customers to ensure we are aware of your needs and we are committed to provide our customers with the most reliable service at the least possible cost.

In 2015, 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 2014 Scorecard. Should you have any questions or comments regarding Wellington North Power Inc.'s 2014 Scorecard, please visit our office at 290 Queen Street West in Mount Forest or telephone 519-323-1710 (8:30am to 4:30pm Monday to Friday) or e-mail customerservice@wellingtonnorthpower.com

Wellington North Power

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

In 2014, Wellington North Power Inc. connected 48 low-voltage (connections under 750 volts) residential and small business customers within the five business day timeline as prescribed by the Ontario Energy Board. This represents an increase of 30% in the number of connections over 2013 mainly due to new residential properties in our service area.

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 significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

Outlook: Wellington North Power Inc. expects to maintain the performance of this service.

- **Scheduled Appointments Met On Time**

Wellington North Power Inc. scheduled 287 appointments in 2014 to connect services, disconnect services, or otherwise complete work requested by its customers. This represents an increase of 39% in the number of appointments over 2013 which is primarily due to a higher number of service reconnections and service layout requests compared to the previous year.

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. Consistent with prior years, Wellington North Power Inc. met 100% of these appointments on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

Outlook: Wellington North Power Inc. expects to maintain the performance of this service.

- **Telephone Calls Answered On Time**

In 2014, Wellington North Power Inc. received over 7,473 customer calls. This represents a decrease of 6% in the number of calls over 2013. The decrease in call volumes is attributed to less severe weather during 2014 - in 2013, there were two ice storms (April and December) that affected our service area causing power outages and resulted in a higher number of telephone calls for these months.

Wellington North Power Inc. considers “Telephone Calls” to be an important communication tool for responding to customers’ needs. Consistent with prior years, a customer service representative answered 100% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure.

Outlook: Wellington North Power Inc. expects to maintain the performance of this service.

- **First Contact Resolution**

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

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

For the period July 1, 2014 to December 31, 2014, Wellington North Power Inc. received 7,780 enquiries from its customers, of which 99.91% were successfully resolved during first contact.

Outlook: Wellington North Power Inc. expects to maintain this level of customer satisfaction for 2015 (the first full year of reporting).

- **Billing Accuracy**

Billing Accuracy is a new scorecard measure introduced by the Ontario Energy Board during 2014 and is defined as the number of accurate bills issued expressed as a percentage of total bills issued.

Wellington North Power Inc. considers timely and accurate billing to be an essential component of customer satisfaction. For the period from October 1, 2014 – December 31, 2014, Wellington North Power Inc. issued 11,501 customer bills and achieved a billing accuracy of 99.73% which is above the Ontario Energy Board mandated target of 98%.

Outlook: Wellington North Power Inc. expects to maintain this level of customer satisfaction for 2015 (the first full year of reporting).

- **Customer Satisfaction Survey Results**

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

In 2014, 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.

Wellington North Power Inc. considers 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. For 2014, Wellington North Power Inc. received a rating of “A” on its customer satisfaction survey.

Outlook: Wellington North Power Inc. is required to report on this measure on a biennial basis (every second year) with the next survey being conducted in 2016.

- **Public Safety**

Public Safety is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Public Safety measure is generated by the Electrical Safety Authority and consists of three components as described below:

Component A – Public Awareness of Electrical Safety:

Component A involves of 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.

Note: The survey for Component A has not yet been implemented and will be reported on 2015’s Scorecard.

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.

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 2014, Wellington North Power Inc. had zero fatalities and zero serious incidents within its operating service area of the urban areas of Mount Forest, Arthur and Holstein.

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. Regularly maintenance of equipment is required 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; however, factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

In 2014, Wellington North Power Inc. achieved 0.12 average hours of interrupted power which is within the range of its historical performance for interrupted power and is consistent with other measures over the five-year period between 2010 and 2014.

Outlook: Wellington North Power Inc. expects to maintain this level of system reliability.

- **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 2014, Wellington North Power Inc. experienced interrupted power 0.11 times, which is within the range of its historical performance for interrupted power and consistent with other measures over the five-year period between 2010 and 2014.

Outlook: This trend is expected to continue into the foreseeable future.

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) 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 has been summarized in the company’s Distribution System Plan which is discussed below.

Operational Effectiveness: **Asset Management**

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a new 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 to serve its current and future customers.

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 utilities in the Province.

Outlook: Wellington North Power Inc. plans to file an application with the Ontario Energy Board for a full review of its rates effective May 1, 2016 and is in the process of finalizing its Distribution System Plan. In 2014 and planning for 2015 capital planning, the company has utilized its capital asset management plan to determine prioritize projects.

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.

[Five groups efficiency are ranked as: I = Excellent; II = Good; III = Average; IV = Fair; and V = Poor]

In 2014, for the second consecutive year, Wellington North Power Inc. was placed in Group IV in terms of efficiency – i.e. defined as having actual costs between 10% to 25% above predicted costs. Group IV is considered “fair”, in other words, costs are slightly above the average cost range for distributors in the Province of Ontario. It should be noted that in 2014:

- a) Wellington North Power Inc.'s Operating Costs reduced by 2.3% compared to 2013 (however, the average operating costs for electricity companies in the Province was an increase of 0.96% from 2013 to 2014); and
- b) The percentage difference between actual and predicted cost is the measure of cost performance. Companies with larger negative differences between actual and predicted costs are considered to be better cost performers. Wellington North Power Inc.'s cost performance result for 2014 was 14.2%, a reduction of 3.5% compared to 2013.

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 is calculated as:

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

The cost performance result for 2014 is \$785 per customer which is a 0% change compared to 2013.

Wellington North Power Inc.'s Total Cost per Customer has increased on average by 3% (\$22.60) per annum over the period 2010 through 2014. 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. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal and growth 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 rate impacts as demonstrated in upcoming Cost of Service 2016 rate application. In addition, on-going customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on their local hydro's capital spending plans.

Outlook: It is anticipated that utility costs are expected to keep pace with economic fluctuations; however, 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 cost per kilometer of line is calculated as:

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

The cost performance result for 2014 is \$38,852 customer which is a 1% (\$377) change compared to 2013.

Wellington North Power Inc.'s growth rate for its territory is considered to be relatively steady. A steady growth rate has maintained Wellington North Power Inc.'s ability to fund future capital projects and operating costs. Wellington North Power Inc. will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Outlook: Wellington North Power Inc. believes the cost per kilometer of line is expected to remain stable based upon the 2015 operating and capital budgets; however, the utility is planning for two major capital projects in 2016 and 2018, focusing on maintaining service reliability and increasing load capacity – these projects are being prepared and will be included in Wellington North Power Inc.'s 2016 Cost of Service rate application.

In 2010, the Ministry of Energy introduced a new 2011 - 2014 framework for electricity Conservation and Demand Management (CDM) in Ontario. Consequently, the Ontario Energy Board established CDM targets for the reduction of electrical consumption (kWh's) and electricity demand (kW's) to be met by certain licensed electricity distributors across the province. The Ontario Power Authority supported this initiative through the introduction of a number of regulator approved CDM programs designed to conserve electricity across all energy consumers (customer classes – Residential, Small Business, Industrial and Commercial).

- **Net Annual Peak Demand Savings (Percent of target achieved)**

Wellington North Power Inc. Net Annual Peak Demand (kW) Savings target was 0.93 MW (930 kW - equivalent to boiling 310 kettles at the same time). At the end of 2014, the actual Net Annual Peak Demand savings achieved was 0.48 MW (481 kW) meaning that the utility met 52% of its set target. This is regrettable and does not reflect the excellent support from customers in our community, particularly the intensive commercial and industrial energy users. Wellington North Power Inc. staff (assisted by a Roving Energy Manager) worked with the handful of large commercial and industrial customers that operate in our service area to identify opportunities to conserve energy as well as reduce costs.

Outlook: In 2015, a new CDM framework was mandated by the Ministry of Energy and currently, for the program period 2015 – 2020, there are no peak energy saving demand targets.

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

Wellington North Power Inc.'s Energy Savings target was 4.52 GWh (4,520,000 kWh – equivalent to approximately 4% of annual energy consumption of all Wellington North Power Inc.'s customers in Arthur, Holstein and Mount Forest.)

At the end of 2014, the actual kW Energy Savings achieved was 3.31 GWh (3,310,671 kWh) meaning that the utility met 73% of its set target. Although the utility did not reach its sets target, Wellington North Power Inc. continued to forge good relationships with residential and small businesses. This was achieved by leveraging the suite of OEB approved CDM programs primarily designed for the residential and small commercial classes of customers.

Outlook: In 2015, a new CDM framework was mandated by the Ministry of Energy for the program period 2015 – 2020. Wellington North Power Inc. Energy Conservation Plan has been approved by the Independent Electricity System Operator – a copy of this plan is available on Wellington North Power Inc.'s website: <http://www.wellingtonnorthpower.com>

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority. Wellington North Power Inc. has developed and implemented an internal procedure to ensure compliance with this regulation. All CIA's are conducted internally by Wellington North Power Inc. Operations' team.

In 2014, Wellington North Power Inc. received no new renewable generation requests. (In 2013, Wellington North Power Inc. completed 1 CIA which was completed within the prescribed time limit.)

Outlook: Wellington North Power Inc. anticipates no / very few new renewable generation requests in 2016; 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's expects these facilities, once contractually approved by the Independent Electricity System Operator, to be connected within 5 business days.

In 2014, Wellington North Power Inc. received no new micro-embedded generation facility requests within its territory.

Outlook: Wellington North Power Inc. anticipates that there will be new Micro-embedded Generation facility connections in 2016. The utility's process for these projects is well documented and we work closely with its customers and their contractors to ensure their needs are met and/or exceeded.

- **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 decreased from 1.52 in 2013 to 0.79 in 2014. This is not indicative of a decline in financial performance but as a result of timing.

Wellington North Power Inc. completed a major capital investment project in 2014 (replacing one of its six substations - the "old" substation was over 50 years old and was showing signs of age and deterioration.) This project was planned and received approval from the Ontario Energy Board in March 2014. The utility applied for a loan to finance this capital project and, although the financial institution approved the loan amount in early December 2014, the funds were transferred in March 2015. Consequently, Wellington North Power Inc. used its own assets ("cash") and incurred short-term debt to ensure the substation was in-service by the end of 2014 to meet the expectations of the Ontario Energy Board. As a result, Wellington North Power Inc.'s cash position at year end 31st December 2014 was lower than in previous years, therefore affecting the company's current ratio.

Outlook: Wellington North Power Inc.'s current ratio is expected to increase to/above 1 in early 2015.

- **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 may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2014, Wellington North Power Inc.'s debt to equity ratio was 1.39, which closely resembles the ratio expected by the Ontario Energy Board.

Outlook: Wellington North Power Inc. expects its debt to equity ratio to increase closer to the Ontario Energy Board's expectations of 1.5 (a debt to equity ratio of 60/40) in 2015. This is due to financial loan for substation (as discussed above) being recognized in 2015's financial statements.

- **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 OEB in 2012 and include an expected (deemed) regulatory return on equity of 9.12%. 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 ROE of 5.74% in 2014, which is just beyond the +/-3% range allowed by the Ontario Energy Board (see above paragraph) – a variance of 3.38% lower than the deemed ROE of 9.12%.

The ROE over the past four years for Wellington North Power Inc. has continued to steadily increase each year. In 2014, Wellington North Power Inc. incurred costs that were due to unplanned events, namely:

- a) 3rd party costs incurred in conducting a Customer Satisfaction Survey in 2014;
- b) Higher than forecasted annual regulatory rate application costs. (2014 Incentive Rate Mechanism application included an Incremental Capital Module for a replacement substation which required additional preparation time and incurred Intervenor costs);
- c) Advertising, recruitment and selection process costs incurred to hire and train two new members of staff (these are not additional employees but filling vacancy positions as a result of two staff members leaving the company in 2014);
- d) Advertising costs, 3rd party consultant costs and hiring of a "new" Manager of Operations;
- e) Internal unplanned costs incurred in calculating, testing and implementing accounting (IFRS) changes in the company's Fixed Asset Module;
- f) 3rd party consultancy fees in reviewing account balances and providing staff training.

Outlook: Wellington North Power Inc. will continue to strive to meet the ROE of 9.12% and, in 2015, expects to achieve a ROE higher than reported for 2014.

Important Note to Readers of 2014 Scorecard MD&A

The information provided by Wellington North Power Inc. for their 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.