

1 Table of Contents

2	1.	Management Discussion and Analysis	4
3		Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis	
4	2.	Administration	8
5		Ex.1/Tab 2/Sch.1 - Legal Application	
6		Ex.1/Tab 2/Sch.2 – Contact Information	
7		Ex.1/Tab 2/Sch.3 – Confirmation of Internet Address	
8		Ex.1/Tab 2/Sch.4 – Statement of Publication	
9		Ex.1/Tab 2/Sch.5 – Bill Impacts	
10		Ex.1/Tab 2/Sch.6 - Statement as to the Form of Hearing Requested	
11		Ex.1/Tab 2/Sch.7 – List of Specific Approvals Requested	
12		Ex.1/Tab 2/Sch.8 - Proposed Issues List	
13		Ex.1/Tab 2/Sch.9 - Statement of Deviation of Filing Requirements	
14		Ex.1/Tab 2/Sch.10 – Changes in Methodologies	
15		Ex.1/Tab 2/Sch.11 - Board Directive from Pervious Decisions	
16		Ex.1/Tab 2/Sch.12 - Conditions of Service	
17		Ex.1/Tab 2/Sch.13 - Accounting Standards for Regulatory and Financial Reporting	
18		Ex.1/Tab 2/Sch.14- Accounting Treatment of Non-Utility Related Business	
19		Ex.1/Tab 2/Sch.15 - Operating Environment	
20		Ex.1/Tab 2/Sch.16 - Corporate Organization	
21	3.	Executive Summary	29
22		Ex.1/Tab3/Sch.1 - Proposed Revenue Requirement	
23		Ex.1/Tab 3/Sch.2 - Budget and Accounting Assumptions	
24		Ex.1/Tab 3/Sch.3 - Load Forecast Summary	
25		Ex.1/Tab 3/Sch.4 - Rate Base and Capital Planning	

1	Ex.1/Tab 3/Sch.5 - Overview of Operation Maintenance and Administrative Costs	
2	Ex.1/Tab 3/Sch.6 - Statement of Cost of Capital Parameters	
3	Ex.1/Tab 3/Sch.7 - Overview of Cost Allocation and Rate Design	
4	Ex.1/Tab 3/Sch.8 - Overview of Deferral and Variance Account Disposition	
5	Ex.1/Tab 3/Sch.9 - Overview of Bill Impacts	
6	4. Applicant Overview	48
7	Ex.1/Tab 4/Sch.1 – Applicant Overview	
8	Ex.1/Tab 4/Sch.2 – Host /Embedded Distributor	
9	Ex.1/Tab 4/Sch.3 – Transmission or High Voltage Assets	
10	5. Customer Engagement	56
11	Ex.1/Tab 5/Sch.1 - Overview of Customer Engagement	
12	Ex.1/Tab 5/Sch.2 - Customer Satisfaction Survey	
13	Ex.1/Tab 5/Sch.3 – Front Desk Support	
14	Ex.1/Tab 5/Sch.4 – Publications	
15	Ex.1/Tab 5/Sch.5 –Advertisements	
16	Ex.1/Tab 5/Sch.6 – Conservation and Demand Management	
17	Ex.1/Tab 5/Sch.7 – Community Involvement	
18	Ex.1/Tab 5/Sch.8 – Social Services	
19	Ex.1/Tab 5/Sch.9 – Other Engagement Activities	
20	6. Financial Information	74
21	Ex.1/Tab 6/Sch.1 - Historical Financial Statements	
22	Ex.1/Tab 6/Sch.2 - Reconciliation between Financial Statements and Results Field	
23	Ex.1/Tab 6/Sch.3 - Annual Report	
24	Ex.1/Tab 6/Sch.4 - Prospectus and Recent Debt/Share Issuance Update	
25	Ex.1/Tab 6/Sch.5 - Other Relevant Information	
26	7. Materiality Threshold	79

1	Ex.1/Tab 7/Sch.1 - Materiality Threshold	
2	8. Corporate Governance	80
3	Ex.1/Tab 8/Sch.1 - Corporate Governance Structure	
4	Ex.1/Tab 8/Sch.2 – Board of Directors	
5	Ex.1/Tab 8/Sch.3 – Board Mandate	
6	Ex.1/Tab 8/Sch.4 – Board Meetings	
7	Ex.1/Tab 8/Sch.5 – Orientation and Continuing Education	
8	Ex.1/Tab 8/Sch.6 – Ethical Business Conduct	
9	Ex.1/Tab 8/Sch.7 – Nomination of Directors	
10	Ex.1/Tab 8/Sch.8 – Board Committees	
11	9. Letters of Comment	90
12	Ex.1/Tab 9/Sch.1 - Letter of Comment	
13	10. Scorecard Evaluation.....	91
14	Ex.1/Tab 10/Sch.1 – Scorecard Performance Evaluation	
15	11. Appendix	95
16	12. Appendix 1A – 2014 UtilityPULSE Survey	96
17	13. Appendix 1B – 2012 WNP’s Audited Financial Statement	132
18	14. Appendix 1C – 2013 WNP’s Audited Financial Statement	157
19	15. Appendix 1D – 2013 WNP’s Audited Financial Statement	174
20	16. Appendix 1E – Reconciliation: RRR filings to AFS (2012-2014)	192
21	17. Appendix 1F – Discipline and Enforcement Policy.....	223
22	18. Appendix 1G – WNP Committee Mandates	227

23

24

Management Discussion and Analysis

Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis

On October 18, 2012, the Ontario Energy Board (“The Board”) issued its “Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach”, and subsequently commenced implementation of the Renewed Regulatory Framework. This report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that will benefit existing and future customers; will align customer and distributor interests; will continue to support the achievement of important public policy objectives; and will place a greater focus on delivering value for money. Under this approach, a distributor is expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

On March 5, 2014, the Board issued its report on “Performance Measurement for Electricity Distributors: A Scorecard Approach”. The report sets out the Board’s policies on the measures that will be used by the Board to assess a distributor’s effectiveness and improvement in achieving customer focus, operational effectiveness, public policy responsiveness, and financial performance to the benefit of existing and future customers. Under this approach, a distributor is also expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

With the above in mind, Wellington North Power Inc. (WNP) has provided an overview of this utility in terms of the Renewed Regulatory Framework and the Distributor Scorecard. Since these are the measures to which a utility is held accountable, these are also the measures a utility should address during rate application process. Therefore, this is our account of how Wellington North Power Inc. continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

Wellington North Power Inc.’s Vision Statement is:

“To be regarded within the province of Ontario as an industry leader in the safe, reliable and cost efficient distribution of electricity.”

Wellington North Power Inc.'s Mission Statement is:

"Wellington North Power Inc. (WNP) shall provide its customers with the most cost effective delivery of electricity safely, reliably and efficiently. This will be done while providing superior customer service and promoting customer education and green initiatives within its service area."

Wellington North Power Inc.'s Strategic Objectives:

- ✓ Manage a safe and reliable distribution system in an efficient and cost effective manner;
- ✓ Provide outstanding customer service;
- ✓ Continue to increase shareholder value;
- ✓ Meet all regulatory obligations.

Customer Focus:

In terms of service quality, WNP has always maintained the highest standards possible. In a regulatory environment, there are numerous Service Quality Requirement targets that a utility must achieve. In most cases, WNP consistently meets and exceeds these targets. In terms of customer satisfaction, WNP has always strived for strong customer relations and increase customer engagement within the community. This effort is support by the customer satisfaction survey measure on the Distributor Scorecard. In 2014, WNP achieved a customer satisfaction rating of "A" on its Distributor Scorecard, which is better than the Provincial and National averages.

In terms of customer engagement, WNP has numerous methodologies by which it engages its customers. As a local small utility and with many of the employees and Board Directors of the company living in the service area, it means that customer concerns are communicated quite easily just by interaction. WNP prides itself in having an office that is open 5 days a week during business hours meaning that customers have access to LDC employees to answer questions or to raise concerns. For example, the use of Smart Meter data has enabled Customer Service representatives review consumption patterns with customers and assist with managing their electricity bills.

Operational Effectiveness:

Wellington North Power Inc. continues its commitment to safety to protect the public and employees within our community. In WNP's Scorecard, the utility recorded zero fatalities and

1 zero serious incidents within its operating service area of the urban areas of Mount Forest,
2 Arthur and Holstein. Furthermore, Annual audits conducted by the Electrical Safety Authority
3 have reported that Wellington North Power Inc. was “C” - Compliant with Ontario Regulation
4 22/04 (Electrical Distribution Safety). This has been achieved and maintained by our resilient
5 commitment to safety coupled with the adherence to company procedures & policies.

6 With regards to reliability, WNP continues to hold the reliability of distribution system to the
7 highest standards. This is supported by the low “Average Number of Hours that Power to a
8 Customer is interrupted” and “Average Number of Times that Power to a Customer is
9 interrupted” indices that are reported in WNP’s Scorecard.

10 Concerning its Distribution system plan, WNP has implemented new processes to expand its
11 planning horizon to a 10 year horizon (5 historical years and 5 forecasted years). Full details on
12 the Distribution System Plan can be found in Exhibit 2 – Appendix 2A

13
14 **Public Policy Responsiveness:** [

15 WNP’s Energy Savings target was 4.52 GWh (4,520,000 kWh – equivalent to approximately 4%
16 of annual energy consumption of all Wellington North Power Inc.’s customers in Arthur, Holstein
17 and Mount Forest.) At the end of 2014, the actual kW Energy Savings achieved was 3.31 GWh
18 (3,310,671 kWh) meaning that the utility met 73% of its set target. Although the utility did not
19 reach its sets target, Wellington North Power Inc. continued to forge good relationships with
20 residential and small businesses. This was achieved by leveraging the suite of OEB approved
21 CDM programs primarily designed for the residential and small commercial classes of
22 customers.

23
24 **Financial Performance:**

25 WNP’s financial performance continues to remain strong despite recent economic and industry
26 challenges posed by increased activity and complex operational demands. The main factors
27 contributing to the utilities financial success were a strong focus on performance and associated
28 financial management, efficiencies achieved throughout the financial year including reductions
29 in overhead expenses, and a continued focus on improving business planning and monthly
30 financial reporting activities. The Distribution System Plan included in this application in Exhibit
31 2 – Appendix 2A supports the capital and maintenance programs needed to sustain the
32 reliability of WNP’s distribution system as we move into the future.

1
2 With this rate application, WNP looks to the future in terms of carrying a strong and sound
3 foundation forward. By building on this foundation through continuous improvement,
4 technological investment, and sound financial investment, WNP plans to continue to provide the
5 highest value in electrical distribution services, cost effectively, to our community and the
6 customer.

7

Administration

Ex.1/Tab 2/Sch.1 - Legal Application

Application

ONTARIO ENERGY BOARD

EB-2015-0110

IN THE MATTER OF *the Ontario Energy Board Act, 1998,*

AND IN THE MATTER OF an Application by Wellington North Power Inc., for an
Order or Orders approving just and reasonable rates for the distribution of electricity
to be implemented as of May 1, 2016.

APPLICATION

The Applicant is Wellington North Power Inc. (referred to in this application as the “Applicant”, the “Distributor”, the “Company”, “Wellington North Power” or “WNP”). The company is incorporated pursuant to the Ontario *Business Corporations Act*, and licensed as Electricity Distributor under the Ontario Energy Board Act, 1998 (the “Act”).

Wellington North Power Inc. holds Electricity Distribution Licence ED-2002-0511.

The Applicant undertakes the business of distributing electricity within the former Town of Mount Forest, Village of Arthur and the Village of Holstein, servicing approximately 3694 residential and general service customers. Wellington North Power’s head office is located at 290 Queen Street West, in the Township of Wellington North in the former town of Mount Forest

Wellington North Power Inc. is applying to the Ontario Energy Board (the “Board” or the “OEB”) pursuant to Section 78 of the Ontario Energy Board Act, 1998 for approval of its proposed distribution rates and other charges, to be effective on May 1, 2016.

The Applicant’s schedule of Tariff of Rates and Charges proposed in this Application are identified in Exhibit 8.

Wellington North Power Inc. requests a written hearing to address any questions raised by Board Staff and other interested parties regarding this 2016 Cost of Service Rate Application.

The Applicant submits the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

(i) Wellington North Power Inc. is applying for electricity distribution rates in accordance with the Board's "Filing Requirements for Electricity Distribution Rate Applications – 2015 Edition for 2016 Rate Applications - Chapter 2: Cost of Service", issued July 16, 2015;

(ii) Wellington North Power Inc. has filed its Distribution System Plan in conjunction with its 2016 Cost of Service rate application. The Applicant's Distribution System Plan has been filed in accordance with the Board's "Filing Requirements for Electricity Transmission and Distribution Applications - Chapter 5: Consolidated Distribution System Plan Filing Requirements", issued March 28, 2013;

(iii) In order for Wellington North Power Inc. to maintain a safe, reliable and efficient electricity distribution infrastructure at a comparative cost of service rate, there is some impact to all customer classes serviced by the LDC. Wellington North Power Inc. believes that costs have been proportionally and equitably distributed across the customer classes.

(Further information can be found in Exhibit 9 and in the Cost Allocation informational filing submitted by Wellington North Power Inc. with this application in Exhibit 8);

(iv) Other grounds as may be set out in the material accompanying this Application Summary.

Wellington North Power Inc. applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective May 1, 2016 or as soon as possible thereafter. The Applicant submits these rates and charges are just and reasonable

pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy
Competition Act, 1998, S.O. 1998, c.15,

The address of service for the Applicant is:

Wellington North Power Inc.,
290 Queen Street West, PO Box 359
Mount Forest, ON N0G 2L0

I, Richard Bucknall, certify that the evidence provide in Wellington North Power Inc.'s 2016 Cost
of Service rate application (EB-2015-0110) is accurate, consistent and complete.

DATED: At the Township of Wellington North, in the County of Wellington in the Province of
Ontario, this 30th day of October, 2015.

Wellington North Power Inc.

Richard Bucknall

Chief Administrative Officer

Ex.1/Tab 2/Sch.2 – Contact Information

Application contact information is as follows:

Main Contact: Richard Bucknall – Chief Administrative Officer
Wellington North Power Inc.
290 Queen St W, Mount Forest, ON, N0G 2L0
Telephone: 1-519-323-1710
E-mail: rbucknall@wellingtonnorthpower.com

Alternative Contact: Raymond Petersen – Finance and Regulatory Supervisor
Wellington North Power Inc.
290 Queen St W, Mount Forest, ON, N0G 2L0
Telephone: 1-519-323-1710
E-mail: rpetersen@wellingtonnorthpower.com

Applicant's Legal Advisor: James Sidlofsky, Partner Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West,
Toronto, ON, M5H 3Y4
Phone: 416-367-6277

1 **Ex.1/Tab 2/Sch.3 – Confirmation of Internet Address**

2 Wellington North Power Inc.'s website address is: www.wellingtonnorthpower.com

3

Ex.1/Tab 2/Sch.4 – Statement of Publication

All of Wellington North Power Inc.'s customers may be affected by this application.

Upon receiving the Letter of Direction and the Notice of Application and Hearing from the Board, Wellington North Power Inc. will immediately arrange to have the Notice of Application and Hearing for this proceeding published in the local community not-paid-for newspaper which has the highest circulation in its service area namely; "*The Wellington Advertiser*".

Bill Impacts for Publication:

The table below provides a list of the distribution charges bill impacts applicable to the typical usage of a Residential and General Service < 50 kW customer to be used for the publication notice. Bill impacts for all customer classes can be found at Exhibit 8/Tab 1/Sch.14.

Table 1.1: Bill Impact Summary for Publication

Customer Class	2015 Distribution Charge	2016 Distribution Charge	Dollar Change	% Change
Residential (800 kWh)	\$52.31	\$57.36	\$5.05	9.65%
General Service <50kW (2000 kWh)	\$115.53	\$124.53	\$9.00	8%

Once the Notice of Application and Hearing has been published in the above listed newspapers, WNP will immediately file an Affidavit of Publication together with proof.

Ex.1/Tab 2/Sch.5 – Bill Impacts

The 2016 distribution rates proposed by the Applicant will result in overall bill impacts for all WNP's customer classes as detailed in Table: 1.12 below.

Table: 1.12 – Bill Impacts

Customer Class	RPP or Non-RPP	kWh	kW	Load Factor	Total Bill (before tax)			
					Current Board Approved Amount	Proposed 2016 Amount	Change in	
							\$	%
Residential	RPP	800			\$143.08	\$144.18	\$1.10	0.77%
Residential - low user (10th percentile)	RPP	310			\$67.95	\$71.83	\$3.89	5.72%
General Service <50 kW	RPP	2,000			\$342.07	\$351.01	\$8.94	2.61%
General Service 50 - 999 kW	Non-RPP	38,217	106	90%	\$5,311.23	\$5,296.53	(\$14.69)	-0.28%
General Service 1000 - 4999 kW	Non-RPP	746,695	1,476	90%	\$93,711.52	\$97,108.08	\$3,396.56	3.62%
Unmetered Scattered Load	RPP	252			\$56.41	\$61.49	\$5.08	9.00%
Sentinel Lighting	Non-RPP	1,927	5	90%	\$356.99	\$364.26	\$7.27	2.04%
Streetlights	Non-RPP	64,297	165	90%	\$8,938.44	\$8,894.33	(\$44.11)	-0.49%

Note:

The above bill impacts are based upon the removal of the Ontario Clean Energy Benefit (OCEB) and Debt Retirement Charges (DRC) for Residential and General Service <50kW customers.

The table below shows the bill impact relating to the Distribution Charge portion of the bill for Residential and General Service < 50 kW customers

Table: 1.13 – Bill Impacts

Customer Class	2015 Distribution Charge	2016 Distribution Charge	Dollar Change	% Change
Residential (800 kWh)	\$52.31	\$57.36	\$5.05	9.65%
General Service <50kW (2000 kWh)	\$115.53	\$124.53	\$9.00	8%

Further information pertaining to the causes of these bill impacts can be found in Exhibit 8 /Tab 1 /Schedule 14.

1 **Ex.1/Tab 2/Sch.6 - Statement as to the Form of Hearing Requested**

2 This Application is supported by written evidence. The written evidence will be pre-filed and may
3 be amended from time to time, prior to the Board's final decision on the Application.

4

5 WNP requests that, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure,
6 this proceeding be conducted by way of written hearing.

7

Ex.1/Tab 2/Sch.7 – List of Specific Approvals Requested

In its 2016 Cost of Service Rate Application, Wellington North Power Inc. is requesting the following approvals:

- a) Approval to charge distribution rates effective May 1, 2016 to recover a Base Revenue requirement of \$2,592,599. This includes revenue deficiency of \$258,891 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8;
- b) Approval of the Applicant's Distribution System Plan as included in Exhibit 2 and filed as a stand-alone document with this Application;
- c) Approval of revised Low Voltage Rates as proposed and described in Exhibit 8;
- d) Approval for an adjustment to the Retail Transmission Service Rates approved in the Applicant's 2015 IRM application (EB-2014-0121) as detailed in Exhibit 8;
- e) Approval to continue to charge Wholesale Market and Rural Rate Protection charges approved in The Board Decision and Order in the matter of WNP's 2015 distribution rates (EB-2014-0121) detailed in Exhibit 8;
- f) Approval to continue the specific Service Charges (with the exception of the MicroFIT monthly Service charge) and Transformer Allowance approved in the Board Decision and Order in the matter of WNP's 2015 distribution rates (EB-2014- 0121) as detailed in Exhibit 8;
- g) Approval to adjust MicroFIT monthly service charge from \$5.40 to \$10.00 as detailed in Exhibit 3;
- h) Approval of the proposed Loss Factor as detailed in Exhibit 8;
- i) Approval of the Rate Riders for a one year disposition of the Group 1 Deferral and Variance account balances as at December 31, 2014 along with the carrying charges projected to April 30, 2015 in accordance with the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR – July 31, 2009) as detailed in Exhibit 9;
- j) Approval of the Rate Riders for a one year disposition of the Group 2 Deferral and Variance account balances as at December 31, 2014 along with the carrying charges projected to April 30, 2015 in accordance with the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR – July 31, 2009) as detailed in Exhibit 9;
- k) Approval to revise the Smart Meter mid-range typical useful life from 15 years to 10 years as detailed in Exhibit 4 and the Applicant's Distribution System Plan contained in Appendix 2a of Exhibit 2;

- 1 l) Approval of the Rate Riders for a one year disposition for the Loss Revenue Adjustment
2 Mechanism variance account (“LRAMVA”) for lost revenue from 2011-2014 resulting from
3 the 2011-2014 IESO (formally “OPA”) Conservation and Demand Management (“CDM”) programs as detailed in Exhibit 4;
- 4
5 m) Approval to include assets relating to a new substation (built and energized in 2014) into the
6 Applicant’s 2016 Rate Base as detailed in Exhibit 2;
7 (As per the Applicant’s Incentive Rate Mechanism (IRM) application for 2014 distribution
8 rates which included an Incremental Capital Module (ICM) for constructing and energizing
9 the new substation (EB-2013-0178), the Decision and Order (March 20, 2014) noted:
10 *“The Board accepts Wellington North’s proposal to recover the resulting ICM*
11 *revenue requirement through fixed and variable rate riders to be in effect until the*
12 *issuance of the rate order arising from its next cost of service application”*);
- 13 n) Approval for recovery of the variance between the Incremental Capital Module (ICM) Rate
14 Rider revenue collected in 2014 and 2014 rates versus the forecasted revenue projected in
15 the Applicant’s 2014 IRM with ICM application (EB-2013-0178). This variance has been
16 calculated as a “true-up” as illustrated in Exhibit 2 and included in the EDDVAR model as
17 detailed in Exhibit 9. (The resulting Rate Rider is included within the Group 2 Deferral and
18 Variance account balances which the Applicant is seeking approval for a one year
19 disposition as summarized in point (j) above.)
- 20 o) Approval to construct and energize a new 2nd feeder line in 2016 and recover costs through
21 electricity rates as detailed in the Applicant’s Distribution System Plan that has been filed
22 with this application in Exhibit 2 (DSP Section 5.4.5.3.1 – “*Second 44kV Feeder to Mount*
23 *Forest*”); and
- 24 p) Approval of the Applicant’s Advanced Capital Module (ACM) to replace an aged substation
25 and construct a new replacement substation in 2018, as detailed in the Applicant’s
26 Distribution System Plan that has been filed with this application in Exhibit 2. (DSP Section
27 5.4.5.3.1 – “*MS3 Substation Re-build (2018) – Advanced Capital Module*”)
28 The Applicant is seeking approval of this ACM with appreciation that updated estimates and
29 information will be provided in the Applicant’s IRM rate application in 2017 seeking approval
30 for 2018 distribution rates.

Ex.1/Tab 2/Sch.8 - Proposed Issues List

In establishing the overall appropriateness of the proposed rates, WNP anticipates that the following issues will be addressed by the Board and Interveners.

General (Exhibit 1) - The reasonableness/suitability of:

- The overall economic and business planning assumptions for the Test Year;
- The reasonableness of the proposed revenue requirement of \$258,891.

Rate Base (Exhibit 2) - The reasonableness/suitability of:

- The Distribution System Plan;
- WNP's asset planning assumptions and capital planning process;
- The overall capital expenditures including two "special" projects planned over the five-year forecast horizon;
- Acceptance of a "special project" to build a second 44kV feeder line to the service area of Mount Forest, with assistance by Hydro One Networks Inc., to address demand capacity constraints that in the near-term will limit economic growth and development;
- Approval of an Advanced Capital Module to replace an aged and deteriorating substation in 2018;
- The proposed Rate Base for the 2016 Test Year;
- Inclusion of 1508 asset data at NBV into the Rate Base for the 2016 Test Year;
- The proposal to adjust the typical useful life for Smart Meters based on failure rate evidence.

Operating Revenues (Exhibit 3) - The reasonableness/suitability of:

- The load forecast methodology including weather normalization;
- The proposed customers/connections and load forecasts (both kWh and kW) for the test year;
- The adjustment of CDM in the load forecast;
- The proposed revenue offsets;
- The proposal to adjust the Monthly Service Charge for MicroFIT customers.

Operating Costs (Exhibit 4) - The reasonableness/suitability of:

- The overall OM&A forecast for the 2016 Test Year;.

- The methodologies used to allocate costs;
- The proposed level of depreciation/amortization expense for the Test Year;
- The compensation costs and employee levels;
- The test year forecast of PILs.

Cost of Capital and Rate of Return (Exhibit 5) - The reasonableness/suitability of:

- The proposed capital structure;
- The cost of debt;
- The proposed return on equity.

Calculation of Revenue Deficiency (Exhibit 6) - The reasonableness/suitability of:

- The calculation of Revenue Deficiency.

Cost Allocation (Exhibit 7) - The reasonableness/suitability of:

- The appropriateness of WNP's cost allocation;
- The proposed revenue-to-cost ratios.

Rate Design (Exhibit 8) - The reasonableness/suitability of:

- The customer charges and the fixed-variable splits for each class;
- The proposed Retail Transmission Service Rates;
- The proposed loss factors;
- The proposed Low Voltage rates;
- WNP's proposed Tariff of Rates and Charges;

Deferral and Variance Accounts (Exhibit 9) - The reasonableness/suitability of:

- The account balances, cost allocation methodology and one-year disposition period.

Ex.1/Tab 2/Sch.9 - Statement of Deviation of Filing Requirements

Except where specifically identified in the Application, WNP has adhered to Board's filing documents listed below in preparing this application:

- Chapter 2 of the Board's "Filing Requirements for Electricity Distribution Rate Applications – 2015 Edition for 2016 Rate Applications - Chapter 2: Cost of Service", issued July 16, 2015;
- The Board's "Filing Requirements for Electricity Transmission and Distribution Applications - Chapter 5: Consolidated Distribution System Plan Filing Requirements", issued March 28, 2013;

Furthermore, the excel version of the "2016 Cost of Service Checklist" is being filed in conjunction with this application.

Ex.1/Tab 2/Sch.10 – Changes in Methodologies

The pro-forma projections for the 2016 Test Year were prepared in accordance with WNP's usual process, with the following exceptions:

- Rates for Distribution and Sales of Electricity are assumed to be constant for the entire calendar year; and
- Amortization reflects the half-year rule for capital additions.

1 **Ex.1/Tab 2/Sch.11 - Board Directive from Pervious Decisions**

2 The Board did not issue specific directives in previous decisions.

3

Ex.1/Tab 2/Sch.12 - Conditions of Service

WNP's Conditions of Services are found at <http://www.wellingtonnorthpower.com/>

WNP updated its Conditions of Service in 2014 to ensure consistency with Board Regulations and Codes. The revised document was been made available to the public for review with a notice being published in a newspaper and a message within customer's monthly bills. No comments have been received from any member of the public to the utility. The Board was notified by letter dated December 17th 2014 advising that Conditions of Service had been revised.

Ex.1/Tab 2/Sch.13 - Accounting Standards for Regulatory and Financial Reporting

The useful lives proposed by WNP in this Application are consistent with the useful lives in the Kinectrics Report commissioned by the OEB dated July 8, 2010. WNP accounting methodology changed in this regard took effect January 1, 2012 and was approved by the Board in the Applicant's last Cost of Service rate application in 2012 (EB-2011-0249).

WNP attests that it does not and will continue not to capitalize administration and other general overhead costs no longer permitted under IFRS, as clarified by the Board in its letter dated February 24, 2010. WNP understands the need for comparability between distribution utilities.

WNP has also adopted the various account changes prescribed by the Board in relation to the USoA (Article 210 – Chart of Accounts and Account 220 – Account Descriptions).

Consistent with recent applications to the Board, WNP no longer includes PST in its OM&A cost estimates.

Regulatory costs and the incremental one-time cost have been normalized by allocating one fifth of that total to the 2016 Test Year.

WNP is not proposing other changes in methodology.

1 **Ex.1/Tab 2/Sch.14- Accounting Treatment of Non-Utility Related Business**

2 WNP is engaged in the delivery of the IESO's Conservation and Demand Management
3 Programs. The accounting for these activities is segregated from WNP's rate regulated activities
4 in accordance with the Board's Accounting Procedures Handbook for Electricity Distributors.

5

1 **Ex.1/Tab 2/Sch.15 - Operating Environment**

2 WNP is incorporated under the Ontario Business Corporations Act, and is owned by the
3 Shareholders of the Township of Wellington North and the Township of Southgate:

4 Commons Shares:	Township of Wellington North	97%
5	Township of Southgate	3%

6

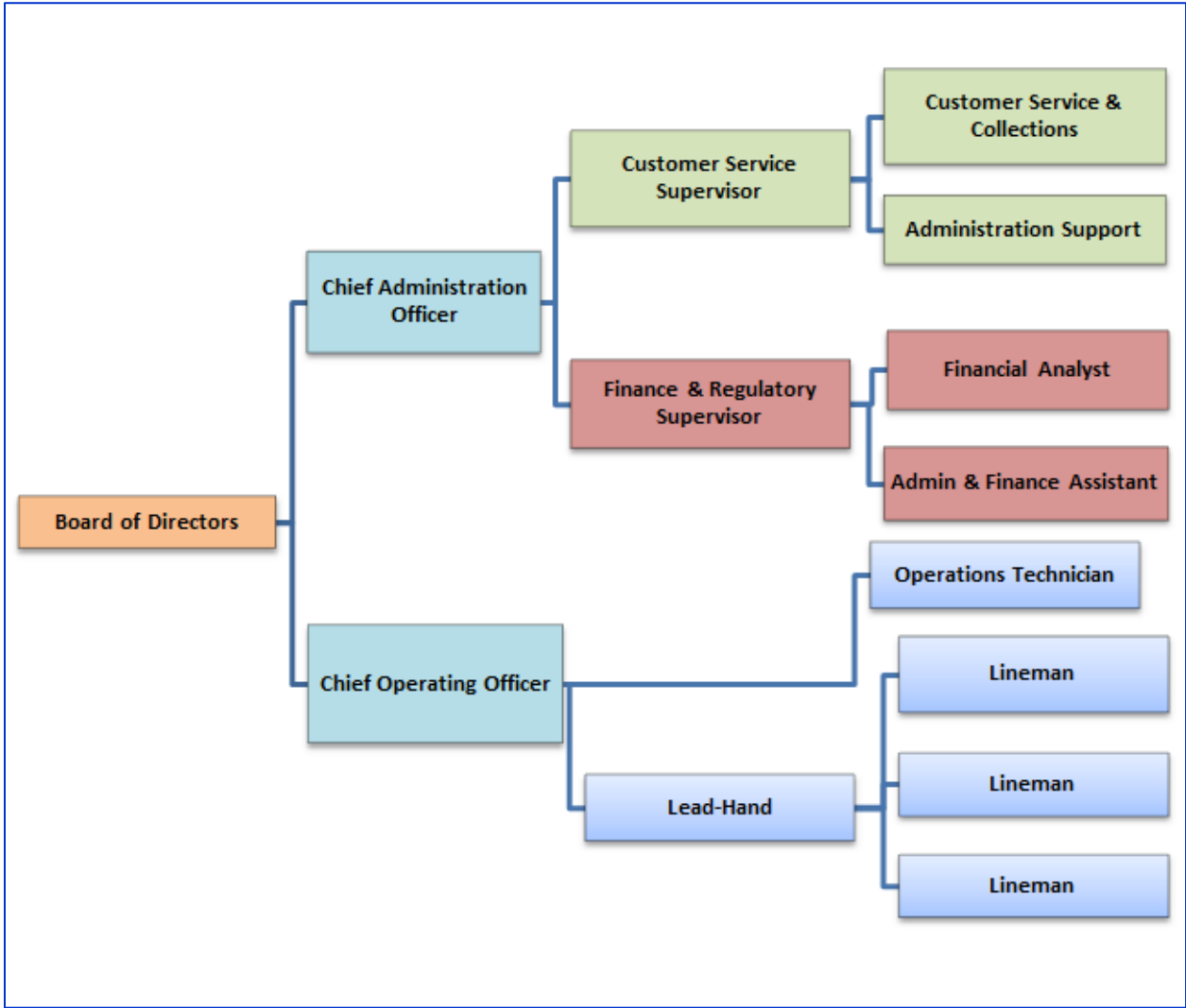
7 WNP is managed by a Board of Directors appointed by the Township of Wellington North

8

Ex.1/Tab 2/Sch.16 - Corporate Organization

WNP has thirteen (13) full-time employees (no part-time employees). The organagram below illustrates the structure of the organization:

Table: 1.14 – Corporate Structure



1 The accountabilities of the Chief Operating Officer include, but are not limited to the following:

- 2 ✓ Service reliability and safety of the utility's electrical distribution system;
- 3 ✓ Capital project execution;
- 4 ✓ Budget forecasting (Capital);
- 5 ✓ Maintenance of distribution equipment;
- 6 ✓ Health & Safety compliance;
- 7 ✓ Industry compliance (ESA);
- 8 ✓ Energy Conservation planning and delivery;
- 9 ✓ Meter inspections, New services and New Connections;
- 10 ✓ Training and staff development of three linemen, one-lead-hand and an Operations
- 11 Technician;
- 12 ✓ Asset management maintenance;
- 13 ✓ Implementation of the Distribution system plan.
- 14 ✓ Customer engagement and attendance at community events

15
16 The accountabilities of the Chief Administrative Officer include, but are not limited to the
17 following:

- 18 ✓ Regulatory Compliance with governing bodies including the OEB, IESO, Ministry of
- 19 Energy and Ministry of Finance;
- 20 ✓ Financial obligations and adherence to accounting codes and ethics;
- 21 ✓ Budget reporting and budget forecasting (Operating);
- 22 ✓ Customer Service and handling with escalated issues and complaints;
- 23 ✓ Service quality measurement and continuous improvements;
- 24 ✓ Billing and Collections;
- 25 ✓ Settlement validation;
- 26 ✓ Data validation (meter and settlement);
- 27 ✓ Measurement, tracking and measurement of WNP's Scorecard;
- 28 ✓ Customer engagement and attendance at community events

Executive Summary

Ex.1/Tab3/Sch.1 - Proposed Revenue Requirement

WNP proposes to recover through distribution rates a revenue requirement of \$2,592,599. Table 1.5 below shows a comparison of the 2012 Board Approved Revenue Requirement versus the 2016 Test Year proposed Revenue Requirement.

Table 1.5: 2016 Test Year Proposed Revenue Requirements

	CGAAP 2012	MIFRS 2016		
Particular	Last Board Approved	Test Year	Variance	
OM&A Expenses	\$1,500,000	\$1,797,368	\$297,368	19.8%
Depreciation Expense	\$387,630	\$361,570	-\$26,060	-6.7%
Property Taxes	\$12,006	\$14,000	\$1,994	16.6%
Total Distribution Expenses	\$1,899,636	\$2,172,938	\$273,302	14.4%
Deemed Interest	\$191,420	\$220,153	\$28,733	15.0%
Utility Income after income tax	\$273,210	\$350,096	\$76,886	28.1%
Grossed up PILs	\$2,033	\$0	-\$2,033	-100.0%
Service Revenue Requirement	\$2,366,299	\$2,743,188	\$376,889	15.9%
Less: Revenue Offsets	(\$149,992)	(\$150,588)	-\$596	0.4%
Base Revenue Requirement	\$2,216,307	\$2,592,599	\$376,292	17.0%

The proposed revenue requirement for the 2016 Test Year is 17% higher than the 2012 Cost of Service approved Revenue Requirement (equating to an increase of 3.4% per year). The major contributors to the increased revenue requirements are:

- Increases in the OM&A expenses (as discussed in Exhibit 4); and
- Regulated Return on Capital which has increased by \$105,619 between the 2012 Board Approved and 2016 Test Year (\$570,249 - \$464,630 (\$191,420 + \$273,210) = \$105,619 ~ an increase of 23%).

All of these drivers are explained in their respective Exhibits

Ex.1/Tab 3/Sch.2 - Budget and Accounting Assumptions

WNP is a member of Cornerstone Hydro Electric Concepts Association Inc. (CHEC), a non-for-profit organization consisting of similar sized and like-minded LDC's that collaborate to tackle industry issues. WNP has reviewed the budget processes of other CHEC LDC's and has adopted its own process as described below.

WNP compiles budget information for the three major components of the budgeting process:

- a) Revenue forecasts;
- b) Operating, maintenance and administration ("OM&A") expenses; and
- c) Capital costs under the RRFE categories:
 - System Access
 - System Renewal
 - System Service
 - General Plant

WNP's operating expenses (OpEx) and capital expenditure (CapEx) budgets are prepared annually by the Chief Administrative Officer (CAO) and Chief Operating Officer (COO). The CapEx and OpEx are reviewed at WNP's Finance Committee meeting in October/November. If members of the Finance Committee accept the OpEx and CapEx budgets, there is a recommendation to take this matter to the next Board of Directors meeting for approval. At the November Board of Director's meeting, the directors discuss the proposed CapEx and OpEx budgets and will approve it or reject it. (Any rejections lead to budget revisions which are presented at the next Board meeting for review and acceptance.)

WNP's OpEx and CapEx budgets are prepared before the start of each fiscal year, and in most circumstances, approved before the start of the year. Once approved, the budgets do not change. At monthly Board meetings, actuals are presented to show progress against the budgets. If there is deviation against the plan, it is the responsibility of the CAO and/or COO to know why and to propose corrective action (where possible.) WNP's Financial Committee meets quarterly and reviews the company's financials and CapEx and OpEx budgets in detail. The CAO and COO meet each month with the Finance department to review budgets against latest actuals.

As part of the planning process for a rate application (IRM or Cost of Service), WNP prepares a revenue projection using most recent approved rates and actual consumption data from the last 12 months. Other Operating Revenues are projected by looking at the last 12 months actuals.

The OM&A costs presented at Exhibit 4 are the result of a business planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place. The budgeting process used to determine the OM&A budget involves the following steps.

- 1) Detailed expenses for the past 3 years are provided to the CAO and COO. Current year to date actual expenses are also provided. The COO and CAO are required to update current year forecast to aid in development of full year forecast estimates.
- 2) Outside expenses for all department budgets are based on analysis including previous years actual information, current year forecast, known changes in external costs and anticipated changes in departmental activities or responsibilities in response to new legislation/regulations/industry activities;
- 3) Variances in spending from prior years must be explained and documented, both at the time of creating forecast and on a monthly basis as actuals are compiled;
- 4) The CAO and the Finance Department prepares a total labor budget by department using projected wage and benefit cost. Overtime costs are based on previous years actual.

The CAO and the Finance Department collates all forecasted OM&A expenditures to compare the total projected expenditures and review year over year variances.

The forecasted capital budget (CapEx) is influenced, among other factors, by WNP's capacity to finance capital projects and the availability of internal resources to complete planned capital projects. All proposed capital projects are assessed within the framework of its capital planning process as outlined in WNP's Distribution System Plan in Exhibit 2 (reference Appendix 2A – section 5.4.2: CapEx Planning Process Overview, page 107). Topics included in the budget process include:

- Customer expectations such as new connections;
- Customer Load Demand and forecasted growth;
- Current Load Capacity;
- System Renewal based on asset lifecycle optimisation;
- Reliability such as load switching;

- 1 • ESA and Regulatory Requirements;
- 2 • 3rd party requirements including infrastructure re-development

3 The Distribution System Plan presented in Exhibit 2 (Appendix 2A) supports the capital and
4 maintenance programs needed to maintain the reliability of WNP's distribution system and meet
5 the requirements of our customers.

6

Ex.1/Tab 3/Sch.3 - Load Forecast Summary

The load forecast presented at Exhibit 3 a similar approach as was used in WNP's last Cost of Service application (EB-2011-0249). WNP's forecast is based on a regression model developed based on monthly wholesale purchased kWh from January 2005 to December 2014 as measured at the wholesale point of delivery (exclusive of losses; i.e., not loss adjusted).

The methodology proposed in this application predicts wholesale consumption using a regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days. The regression model also uses other variables which are tested to see their relationship and contribution to the fluctuating wholesale purchases. More detailed model statistics can be found at Exhibit 3, Tab 1 Schedule 2.

The result of the regression analysis produces an equation that predicts the purchases based on the explanatory variables. This prediction model is then used as the basis to forecast the total level of weather normalized purchases for WDI for the 2015 Bridge Year and the 2016 Test Year, which is converted to Billed kWh by rate class. A detail explanation of the process is provided in Exhibit 3.

Weather normalized values are determined by using the regression equation with a 10-year average monthly degree days (2005-2014). The 10-year average is consistent with recent years' weather and has been used in other electricity distribution rate applications and has been accepted by the Board.

The difference between non-normalized and normalized forecast is assumed to be the amount related to moving the forecast to a weather normal basis. This difference is assigned to those rate classes that are weather sensitive. Allocation to specific weather sensitive rate classes (Residential, General Service 50 and General Service 50-999kW) is based on WNP's weather normalization work completed by Hydro One for WNP for its' 2007 Cost Allocation Study.

The 2016 Load Forecast is presented below and compares the 2016 Test Year against the last (2012) Board approved Forecast:

Table 1.6: Load Forecast

		2012 Board Approved	2016 Test Year	Variance between 2016 Test Year versus	
Residential	Customers	3,160	3,251	91	2.9%
	kWh	24,876,519	26,005,466	1,128,947	4.5%
	Distribution Revenue	\$1,130,849	\$1,376,020	245,171	21.7%
General Service < 50 kW	Customers	489	476	(13)	-2.7%
	kWh	10,703,832	11,855,213	1,151,381	10.8%
	Distribution Revenue	\$400,036	\$453,186	53,150	13.3%
General Service 50 to 999 kW	Customers	40	38	(2)	-5.8%
	kWh	19,816,501	13,489,914	(6,326,587)	-31.9%
	kW	50,979	41,588	(9,391)	-18.4%
	Distribution Revenue	\$298,107	\$235,377	(62,730)	-21.0%
General Service 1000 to 4,999 kW	Customers	4	5	1	14.0%
	kWh	42,769,242	50,613,209	7,843,968	18.3%
	kW	97,926	108,301	10,375	10.6%
	Distribution Revenue	\$295,993	\$461,076	165,083	55.8%
Street Lights	Customers	886	905	19	2.1%
	kWh	711,946	725,392	13,446	1.9%
	kW	1,925	1,995	70	3.6%
	Distribution Revenue	\$88,595	\$61,123	(27,472)	-31.0%
Sentinel Lights	Customers	17	29	12	74.1%
	kWh	29,261	23,128	(6,133)	-21.0%
	kW	80	65	(15)	-18.7%
	Distribution Revenue	\$2,548	\$5,560	3,012	118.2%
Unmetered Loads	Connections	1	1	(0)	-31.7%
	kWh	3,969	3,024	(945)	-23.8%
	Distribution Revenue	\$181	\$256	75	41.6%
Total					
	Customer/Connections	4,598	4,704	107	2.3%
	kWh	98,911,269	102,715,347	3,804,078	3.8%
	kW from applicable classes	150,910	151,949	1,039	0.7%
	Distribution Revenue	\$2,216,309	\$2,592,599	\$376,290	17.0%

Notes

- The kWh and kW values in the above table are after CDM adjustment; and
- The customer and connections counts are end-of year actuals (not averages).

Detailed explanations of the load forecast methodology, outcome and analysis can be found in Exhibit 3 of this Application.

Ex.1/Tab 3/Sch.4 - Rate Base and Capital Planning

A rate base is the value of property on which a utility is permitted to earn a specified rate of return in accordance with rules set by the Board. The rate base underlying WNP's revenue requirement includes a forecast of net fixed assets, plus a working capital allowance defined as 7.5% of the sum of the cost of power and controllable expenses. Controllable expenses include operations and maintenance, billing and collecting and administration expenses.

The proposed Rate Base for the 2016 test year of \$9,523,835 reflects an increase of \$2,034,517 from the 2012 Board Approved. The increase is predominately as a result of:

- The inclusion at Net Book Value of \$1,383,199 in assets transferred to the 2016 Test Year opening balance from account 1508. These assets are related to the 2014 ICM approval to rebuild our MS-2 sub-station. Further details on the topic of the ICM project can also be found at Exhibit 2 / Tab 5 / Schedule 7.
- The capital assets added in the Test Year, total \$1,910,401, of which \$1,269,062 is the projected Capital Contribution payment for the construction of the second line feeder to Mount Forest. Another \$480,000 of the remaining capital spending is budgeted to connect the new line into the existing distribution system. Details of these additions are discussed in WNP's 2015 Distribution System Plan that has been filed as Appendix 2A of Exhibit 2.

The above major investments indicate the prudent, reasonable and forward-looking investment in the distribution assets necessary to meet other regulatory requirements such as "obligation to connect" new growth and the need to maintain the highest electrical safety standards.

Table 1.7 below shows the derivation of the proposed 2016 Test Year Rate Base and further details are included in Exhibit 2.

Table 1.7: Rate Base

	CGAAP	MIFRS	
Particulars	Last Board Approved	2016 Test Year	Variance
Net Capital Assets in Service:			
Opening Balance	\$5,812,772	\$7,653,193	\$1,840,421
Ending Balance	\$5,913,026	\$9,155,083	\$3,242,058
Average Balance	\$5,862,899	\$8,404,138	\$2,541,239 43.3%
Working Capital Allowance	\$1,626,419	\$1,119,697	-\$506,723 -31.2%
Total Rate Base	\$7,489,318	\$9,523,835	\$2,034,517 27.2%

The utility is not proposing to recover any costs from any rate class renewable energy connections/expansions, smart grid, and regional planning initiatives.

Table 1.8 below summarizes the change in Working Capital Allowance for the 2016 Test Year from the Board Approved:

Table 1.8: Working Capital Allowance

Expenses for Working Capital	CGAAP	MIFRS	Variance	
	Last Board Approved	2016 Test Year		
<u>Eligible Distribution Expenses:</u>				
3500-Distribution Expenses - Operation	\$271,063	\$411,500	\$140,437	51.8%
3550-Distribution Expenses - Maintenance	\$230,223	\$239,500	\$9,277	4.0%
3650-Billing and Collecting	\$325,553	\$395,000	\$69,447	21.3%
3700-Community Relations	\$6,304	\$7,000	\$696	11.0%
3800-Administrative and General Expenses	\$664,547	\$740,368	\$75,821	11.4%
6105-Taxes other than Income Taxes	\$12,006	\$14,000	\$1,994	16.6%
6205-Sub-account LEAP Funding	\$2,310	\$4,000	\$1,690	73.2%
Total Eligible Distribution Expenses	\$1,512,006	\$1,811,368	\$299,362	19.8%
3350-Power Supply Expenses	\$10,105,275	\$13,117,919	\$3,012,644	29.8%
Total Expenses for Working Capital	\$11,617,281	\$14,929,287	\$3,312,007	28.5%
Working Capital factor	14.0%	7.5%		
Total Working Capital	\$1,626,419	\$1,119,697	(\$506,723)	-31.2%

As described in the Distribution System Plan (“DSP”), WNP’s capital expenditures are modest and as a result there are few identifiable separate “projects” to be reported on and details of these capital expenses above the materiality threshold are presented in the DSP in Exhibit 2 (Appendix 2)

The table below summarizes WNP’s capital investment plan showing historic (actual) investment spent for the years 2011 to 2014; current year (2015) planned investment; and forecasted planned investment (2016-2020) grouped by the investment categories.

Table 1.9: Capital Investment Overview – Historic, Current and Future

Overview		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(Base Plan + Special Projects)	Investment Category	Historic	Historic	Historic	Historic	Budget Bridge Year	Forecast Test Year	Forecast	Forecast	Forecast	Forecast
	General Plant	\$327,991	\$138,275	\$361,688	\$38,617	\$220,000	\$70,650	\$138,670	\$24,470	\$421,850	\$453,000
	System Access	\$42,931	\$107,171	\$57,730	\$239,084	\$172,500	\$60,000	\$240,000	\$240,000	\$240,000	\$60,000
	System Renewal	\$192,014	\$307,636	\$283,467	\$1,847,849	\$155,500	\$50,000	\$350,000	\$1,924,000	\$250,000	\$410,000
	Systems Service	\$34,362	\$13,375	\$54,802	\$61,613	\$212,000	\$1,729,751	\$0	\$0	\$0	\$0
	Capital Investment Total	\$597,299	\$566,457	\$757,686	\$2,187,163	\$760,000	\$1,910,401	\$728,670	\$2,188,470	\$911,850	\$923,000

The above table includes “special” projects (the shaded values in years 2014, 2016 and 2018). These special projects are:

- 2014 – In its 2013 Incentive Rate Mechanism (IRM) rate application seeking approval for 2014 distribution rates, WNP included an Incremental Capital Module (ICM) requesting approval and recovery for building a new substation to replace an existing station that, in a 3rd party assessment, had major deficiencies. The ICM was approved as per Decision and Order EB-2013-0178 dated March 13th 2014. The LDC spent \$1,433,955 on this ICM project that was energized and in-service in December 2014 (as planned).
[Note: the total amount spent by the WNP was \$1,673,955 of which \$240,000 was already approved for substation investment and included in LDC’s 2014 CapEx plan as per 2012 Cost of Service rate application EB-2011-0249].
- 2016 – As discussed in this Distribution System Plan, WNP are seeking regulatory approval to recover construction costs through electricity distribution rates for building a 2nd feeder line to one of its service territories (the Town of Mount Forest). Currently, there is only one feeder to this area which is at its demand capacity and has been affected by reliability in recent years. This project is in conjunction with Hydro One.
- 2018 – As discussed in this Distribution System Plan, WNP are seeking regulatory approval to recover construction costs through electricity distribution rates to replace a municipal substation due to age and deficiencies (as identified in a 3rd party assessment study).

It should be noted that in preparing its capital investment plans and reviewing the needs for the “special” projects, WNP considers discretionary and non-discretionary spending (i.e. are there capital projects that can be shifted to another period or does the project need to be completed in that particular year.) To that extent, WNP has prioritized its plans and where possible, for the years of 2016 and 2018 when “special” projects have been planned, has moved discretionary capital projects into other years.

The below table is taken from the Ontario Energy Board's "Filing Requirements for Electricity Transmission and Distribution Applications - Chapter 5 – Consolidated Distribution System Plan Filing Requirement" (March 28, 2013), table 2 page 18 and the LDC historical and planned Capital Expenditure.

Table 1.10: Capital Expenditure Summary

First year of Forecast Period: 2016																				
CATEGORY	Historical Period (previous plan ¹ & actual)															Forecast Period (planned)				
	2011			2012			2013			2014			2015			2016	2017	2018	2019	2020
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual ²	Var					
	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000				
System Access	156	43	-72.5%	102	107	5.1%	55	58	5.2%	229	239	4.5%	173	35	-79.9%	60	240	240	240	60
System Renewal	231	192	-17.0%	261	308	18.0%	273	283	3.8%	1,756	1,848	5.2%	156	206	32.6%	50	350	1,924	250	410
System Service	39	34	-12.1%	9	13	46.1%	56	55	-1.3%	66	62	-5.9%	212	17	-92.2%	1,730	-	-	-	-
General Plant	243	328	34.8%	152	138	-9.3%	377	362	-4.1%	25	39	57.6%	220	77	-65.1%	71	139	24	422	453
TOTAL EXPENDITURE	670	597	-10.9%	524	566	8.0%	760	758	-0.4%	2,075	2,187	5.4%	760	334	-56.0%	1,910	729	2,188	912	923
System O&M		\$ 530	--	\$ 501	\$ 589	17.4%	\$ 570	\$ 588	3.2%	\$ 583	\$ 568	-2.6%	\$ 637	\$ 394	-38.0%	\$ 651	\$ 667	\$ 684	\$ 701	\$ 719
Notes to the Table:																				
1. Historical "previous plan" data is not required unless a plan has previously been filed																				
2. Indicate the number of months of 'actual' data included in the last year of the Historical Period (normally a 'bridge' year):																				
8																				

Notes:

- a) Although it is not a requirement because the LDC has not filed a DSP, Wellington North Power Inc. has provided "previous plan" data.
- b) 2015: Actual includes costs as at 31st August 2015.
- c) The System Renewal Actual CapEx spend is currently higher than Plan (32.6%) due to a Capital Contribution project that to date has not been started. This is a developer project that is planned for completion within the year and has a planned capital contribution of \$130,000 - this contribution will reduce the LDC's system renewal spend if it is started/completed within the year.
- d) 2015: System service includes a new SCADA system being installed and implemented at the LDC. This is due to be implemented in October 2015.
- e) 2015: General Plant includes the purchasing of a pick-up truck and necessary building renovation work - these investments account for \$110,000 of planned CapEx spend and are due to be started and completed in Q4 of 2015.

Ex.1/Tab 3/Sch.5 - Overview of Operation Maintenance and Administrative

Costs

The operating costs consist of the required expenditures necessary to maintain and operate WNP's distribution system assets, the costs associated with metering, billing, collecting from its customers, the costs associated with ensuring all stakeholders safety (public and employees) and costs to maintain the distribution business service quality and reliability standards set by the regulating bodies.

In WNP's last approved Cost of Service rate application requesting approval for 2012 distribution rates (EB-2011-0249), prior to the settlement conference, the Applicant was seeking approval for \$1,704,469 for OM&A expenses. Through the settlement process, this was reduced to \$1,500,000 and approved by the Board. However, even though current rates include \$1,500,000, WNP's actual operating costs for 2013 and 2014 were \$1,744,085 and \$1,726,946 respectively and the utility is projecting OM&A to be \$1,750,000 in 2015. In WNP's opinion, the operating cost proposed in the utility's 2012 application are more in-line with the actual costs rather than the amount that was settled and approved.

Furthermore, by way of this 2016 Cost of Service rate application, WNP is proposing an OM&A amount of \$1,797,368 for the 2016 Test Year which, in the opinion of the Applicant, is a very reasonable request considering this represents a 5.5% increase over the amount requested in the 2012 application. Over the four year period from 2012 to 2016, the annual simple average increase is 1.4% which is less than the Board's annual inflation rate over the same period (i.e. the percentage change in GDP-IPI).

The increase of approximately \$297,368 in OM&A spending from its 2012 Cost of Service to the 2016 Test Year can be attributed to three main factors:

- **Working Agreement** - One of the main cost drivers is the increase in labour costs per year incurred as part of WNP's Employee Working Agreement. WNP's Employee Working Agreement is reviewed every three years. The current agreement is effective from January 1st 2014 to 31st December 2016 and includes a 2.5% increase in salary costs due to inflation.

- **2015 Organizational Restructure and CEO Retirement** - In 2015, WNP had an organizational restructure due to the imminent retiring of the CEO / President. WNP Board of Directors believed that this was an opportunity to promote from within the company and restructure rather than hiring an external person to replace the CEO / President. This restructure resulted in changes in employees' responsibilities and a review of pay grades. Job descriptions were revised to reflect accountabilities and responsibilities of each position within the restructure.
- **Change in Regulatory Costs** - WNP has experienced an increase in regulatory costs, particularly when preparing and submitting complex and detailed rate applications (i.e. in 2011 & 2012 for a Cost of Service submission (EB-2011-0249); in 2013 & 2014 for an Incentive Rate Mechanism application with an Incremental Capital Module (EB-2013-0178); and in 2015 & 2016 Cost of Service application – EB-2015-0110)).

The table below illustrates the variance between OM&A spending from its 2012 Cost of Service to the 2016 Test Year:

Table 1.11: Summary of Recoverable OM&A Expenses

	Board Approved	2016 Test Year	Variance
Operations	\$271,063	\$411,500	\$140,437
Maintenance	\$230,223	\$239,500	\$9,277
Billing and Collecting	\$327,863	\$395,000	\$67,137
Community Relations	\$6,304	\$7,000	\$696
Administrative and General	\$664,547	\$744,368	\$79,821
Total	\$1,500,000	\$1,797,368	\$297,368
%Change (year over year)		19.8%	

WNP has provided a concise summary of year over year OM&A variances in Exhibit 4 of this Application.

Ex.1/Tab 3/Sch.6 - Statement of Cost of Capital Parameters

WNP has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009 in determining the cost of capital.

In calculating the cost of capital, [Utility Name] has used the deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB letter of October 15, 2015, for the allowed return on equity and where appropriate for debt.

[Utility Name]'s cost of capital for 2015 has been calculated as 5.99%, as shown in Table 1.9 below:

Table: 1.12 – Overview of Capital Structure

Particulars	Cost Rate
	(%)
Debt	
Long-term Debt	4.01
Short-term Debt	1.65
Total Debt	4.35
Equity	
Common Equity	9.19
Preferred Shares	0.00
Total Equity	9.19
Total	5.99

The Cost of Capital parameters are consistent with the letter issued by the OEB on October 15, 2015 that sets the values as indicated below:

Table 1.13: 2016 Rate Applications – Capital Parameters

Cost of Capital Parameter	Value for 2016 Applications for Rate Changes in 2016
Return on Equity (ROE)	9.19%
Deemed Long-Term Debt rate	4.54%
Deemed Short-Term Debt rate	1.65%

WNP understands that the OEB may update the ROE for 2016 at a later date, and therefore the utility commits to updating its Application to reflect the OEB's updated Cost of Capital Parameters for May 1, 2016 applications and as new information is issued.

Ex.1/Tab 3/Sch.7 - Overview of Cost Allocation and Rate Design

The main objectives of a Cost Allocation study is to provide information on any apparent cross-subsidization among a distributor's rate classifications and to eventually be used in future rate applications.

WNP has prepared and is filing a cost allocation information filing consistent with the utility's understanding of the Directions, the Guidelines, the Model and the Instructions issued by the Board in November of 2006 and all subsequent updates.

WNP has prepared a Cost Allocation Study for the 2016 Test Year based on an allocation of the 2016 Test Year costs (i.e. the 2016 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh), by class and by customer counts.

WNP has used the updated Board-approved Cost Allocation Model and followed the instructions and guidelines issued by the Board to enter the 2016 data into this model.

Using the Cost Allocation model, four customer classes' revenue to cost ratios (General Service 50-999kW, Unmetered Scattered Load, Sentinel Lighting and Street Lighting) were beyond the Board range. For these classes, WNP has applied the same methodology as used in the Applicant's 2012 Cost of Service rate application (EB-2011-0249) for adjusting revenue-to-cost ratio to be within the Board's expected tolerance.

Table 1.14 below shows the utility's proposed Revenue to Cost reallocation based on an analysis of the proposed results from the Cost Allocation Study vs the Board imposed floor and ceiling ranges.

Table 1.14: Proposed Revenue to Cost Allocation

Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2014	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
Residential	99.08	90.14	94.76	85 - 115
GS < 50 kW	95.36	119.93	107.74	80 - 120
GS > 50 - 999 kW	120.00	152.26	120.00	80 - 120
GS 1000 to 4999 kW	95.36	82.58	100.00	80 - 120
Street Lighting	95.36	198.27	120.00	80 - 120
Sentinel Lighting	120.00	64.71	100.00	80 - 120
Unmetered Scattered Load (USL)	95.36	134.80	120.00	80 - 120

Distribution revenue is derived through a combination of fixed monthly charges and volumetric charges based either on consumption (kWh's) or demand (kW's).

Revenues are collected from 7 customer classes:

- Residential;
- General Service < 50 kW;
- General Service 50 - 999 kW;
- General Service 1000-4999kW;
- Sentinel Lighting;
- Unmetered Scattered Load; and
- Street Lighting.

Fixed rate revenue is determined by applying the current fixed monthly charge to the number of customers or connections in each of the customer classes.

Variable rate revenue is based on a volumetric rate applied to meter readings for consumption or demand volume.

Existing volumetric rates include a component to recover allowances for Transformer ownership (Transformer Allowance).

Commodity Charges as well as deferral and variance Rate Riders and WNP's specific other rate Adders (such as Lost Revenue Adjustment Mechanism – LRAM) are added to the distribution rates to arrive at a final all-encompassing bill.

WNP has incorporated the Fixed Rate design changes for Residential customer class as set out in the Board's paper "Implementing a New Rate Design for Electricity Distributors" (EB-2012-0410) released July 16th 2015. Using the residential consumption at the 10th percentile and applying the proposed 2016 Test Year rates the total bill was below the Board's 10% threshold.

WNP is not proposing any rate mitigation plans and is discussed further in Exhibit 8

Ex.1/Tab 3/Sch.8 - Overview of Deferral and Variance Account Disposition

In this rate application, WNP is proposing to dispose of all its Deferral / Variance account balances.

WNP proposes to dispose of a debit of \$22,445 relating to Group 1 Variance/Deferral Accounts. This debit balance includes carrying charges up to and including April 30, 2016.

WNP proposes to dispose of a debit of \$153,328 relating to account 1589 RSVA – Global Adjustments. This debit balance includes carrying charges up to and including April 30, 2016.

WNP proposes to dispose of a debit of \$51,217 relating to Group 2 Variance/Deferral Accounts which includes 1508 – Other Regulatory Assets – Sub Account. This 1508 – Other Regulatory Assets account balance relates to the Incremental Capital Module (ICM) Rate Rider variance between forecasted collected revenue and actual revenue collected from the Rate Rider (as discussed in Exhibit 2).

This debit balance includes carrying charges up to and including April 30, 2016

WNP also proposes to dispose of the following;

- A net debit balance of \$11,761 recorded in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account, and

All Group 1 and Group 2 DVA balances are proposed to be disposed of over a 1 year period.

WNP has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report. As of December 31, 2014, WNP recorded principal balances in the following Board-approved deferral and variance accounts.

- 1 The table below summarises the account balances (principal with interest charges applied to
2 April 30th 2016) that WNP are seeking recovery of through this rate application:

3 **Table 1.15: Account and Balances sought for disposition/recovery**

	Account	\$
LV Variance Account	1550	82,075
Smart Metering Entity Charge Variance Account	1551	2,209
RSVA - Wholesale Market Service Charge	1580	(83,122)
RSVA - Retail Transmission Network Charge	1584	(54,607)
RSVA - Retail Transmission Connection Charge	1586	(39,663)
RSVA - Power (excluding Global Adjustment)	1588	75,878
RSVA - Global Adjustment	1589	153,328
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	3,767
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	35,906
Total of Group 1 Accounts (excluding 1589)		22,445
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	49,011
Other Regulatory Assets - Sub-Account - Other ⁴	1508	7,828
Retail Cost Variance Account – Retail	1518	3,227
Misc. Deferred Debits	1525	(5)
Retail Cost Variance Account – STR	1548	3,918
Smart Meter Capital-Recovery Offset Variance - Stranded Meter Costs	1555(1531)	6,567
HST/OVAT	1592	(19,329)
Total of Group 2 Accounts		51,217
LRAM Variance Account	1568	11,761
Total Group 1 &2 Balances Allocated to each class (excluding 1589)		\$73,662
Total Balance Allocated to each class from Account 1589		\$153,328
Accounting Changes Under CGAAP Balance + Return Component	1576	0
Total Balance Allocated to each class for Accounts 1575 and 1576		\$0

4

Ex.1/Tab 3/Sch.9 - Overview of Bill Impacts

A summary of the bill impacts by class is presented below. Detailed explanations of the bill impacts are presented at Exhibit 8.

Table 1.16: Bill Impacts Summary – Comparing Current Rates and Proposed 2-016 Rates

Customer Class	RPP or Non-RPP	kWh	kW	Load Factor	Total Bill (before tax)			
					Current Board Approved Amount	Proposed 2016 Amount	Change in	
							\$	%
Residential	RPP	800			\$143.08	\$144.18	\$1.10	0.77%
Residential - low user (10th percentile)	RPP	310			\$67.95	\$71.83	\$3.89	5.72%
General Service <50 kW	RPP	2,000			\$342.07	\$351.01	\$8.94	2.61%
General Service 50 - 999 kW	Non-RPP	38,217	106	90%	\$5,311.23	\$5,296.53	(\$14.69)	-0.28%
General Service 1000 - 4999 kW	Non-RPP	746,695	1,476	90%	\$93,711.52	\$97,108.08	\$3,396.56	3.62%
Unmetered Scattered Load	RPP	252			\$56.41	\$61.49	\$5.08	9.00%
Sentinel Lighting	Non-RPP	1,927	5	90%	\$356.99	\$364.26	\$7.27	2.04%
Streetlights	Non-RPP	64,297	165	90%	\$8,938.44	\$8,894.33	(\$44.11)	-0.49%

The above table shows the total bill impact before tax and demonstrates the effect of the proposed 2016 rates vary by customer class, ranging from a decrease of 0.49% for the Street Lights Class to increases of 9% for Unmetered Scattered Load.

The Residential Class total bill impact is an increase 0.77%, approximately \$1.10 per month. In calculating this change, the Ontario Clean Energy benefits (OCEB) 10% credit was removed from both the current bill and the proposed bill so as to give a like-for-like comparison.

The percentage increases of 9% for Unmetered Scattered Lighting is exacerbated because of the relative small bill amount.

For General Services <50kW and General Service 1000-4999kW, these increases are predominately due to the allocation of cost-to-revenues as derived from the Cost Allocation Model. This is discussed in Exhibit 7.

All customer classes have seen an increase in their proposed RTSR (network and connection) rates. The RTSR rates are discussed in Exhibit 8 of this application.

Finally, all customer classes have been impacted by the proposed increase of Low Voltage (LV) rates based on WNP's forecast for the 2016 Test Year. As described in Exhibit 8, WNP has

1 noted rising LV charges incurred from Hydro One over the past three years, largely due to LV
2 Rate Riders. Therefore, at the time of re-basing, the utility feels it is reasonable to adjust the LV
3 rates charged to customers to reflect the charges incurred from Hydro One.

4 In WNP's opinion, the proposed rates for the 2016 Test Year are equitable, just and reasonable.
5 The proposed 2016 Test Year revenue requirement is needed to remain in compliance with the
6 utility's regulatory bodies as well as meet its fulfill its mission statement to provide its customers
7 with the most cost effective delivery of electricity safely, reliably and efficiently.

8

1 Applicant Overview

2 Ex.1/Tab 4/Sch.1 – Applicant Overview

3 Wellington North Power Inc.'s service territory is the urban areas of the former town of Mount
4 Forest, the former village of Arthur and the former village of Holstein.

5 The Township of Wellington North and the Township of Southgate are the Shareholders of the
6 Corporation. The Township of Wellington North is the primary holder, of 97% of the shares and
7 the Township of Southgate holding 3% of the shares.

8 The table below illustrates the scale of service area and assets managed by WNP

9 **Table 1.17: Overview of WNP**

	2014	Supporting Information
Maximum Monthly Peak	17,897 kW	January 2014
Service Area (sq. km)	14	
Kilometres of Line	86	
Total Customers	3,731	
Residential	3,213	
General Service <50kW	478	
General Service 50-999 kW	40	
General Service 1000-4999 kW	5	
Unmetered Scattered Load (<i>connections</i>)	1	
Sentinel Lights (<i>connections</i>)	27	
Street Lighting (<i>connections</i>)	905	
Generation	301,047 kWh	Generated energy during 2014 from: <ul style="list-style-type: none"> • 18 MicroFIT accounts and; • 1 FIT account
Number of Substations (<50 kV)	6	
Wholesale Meter Points	3	
Poles	1841	
Primary Lines (km)		
Overhead	72	
Underground	14	
Transformers (units)		
OH	518	
UG	122	
44kV Switches Load Break	6	

(WNP) is an embedded distributor within Hydro One's service territory and is connected under 115kV, from two of Hydro One's Transmissions Station feeders:

Transformer Substation Owner	Transformer Name	Community Served within Wellington North Power Service Territory
Hydro One Networks Inc.	NA73 - Fergus TS	Urban Area of Arthur
Hydro One Networks Inc.	NA36 - Hanover TS	Urban Areas of Holstein and Mount Forest

WNP is a registered Market Participant, dealing directly with the Independent Electricity System Operator (IESO) for the electricity which is passed through our distribution system to consumers.

As an embedded utility, WNP is billed monthly by Hydro One for all Transmission related charges including Low Voltage. Transmission and Low Voltages charges are passed through to WNP's customers.

WNP's service area consists of 44kV, 8kV, and 4kV high voltage systems.

WNP has two Hydro One 44kV feeders serving its distribution territory. WNP owns and operates the electricity distribution system in its licensed service area including parts of the Township of Wellington North and the Township of Southgate, serving approximately 4,500 Residential, General Service, Street Lighting, Sentinel Light and Unmetered Scattered Load customers/connections.

WNP's distribution assets include:

- Four municipal distribution stations that steps voltage from 44kV to 4kV for distribution within the town of Mount Forest;
- Two municipal distribution stations that steps voltage from 44kV to 4kV for distribution within the village of Arthur, and;
- Distribution assets supplied by a Hydro One shared distribution station which service our customer's in the village of Holstein.

WNP receives power from two Hydro One 44kV circuits, one from Fergus TS and one from Hanover TS. These 44kV circuits are used to supply our distribution assets described above. Electricity is then distributed through WNP's service area of 14 square kilometers through the company's 72km of overhead conductors and 14km of underground cable.

1 The distribution voltage of 4kV is stepped down by approximately 640 transformers, both
2 overhead and underground, to the service voltage provided to our customers. WNP monitors its
3 distribution system using a station monitoring system at its main office building at 290 Queen
4 Street West in Mount Forest, ON.

5 WNP owns and maintains approximately 3,736 meters installed on its customers' premises for
6 the purpose of measuring energy consumption of electricity for billing purposes. Meters vary in
7 type by customer and include meters capable of measuring kWh consumption, kW demand and
8 kVA, as well as hourly interval data. WNP completed the installation of all of its Residential and
9 General Service <50kW Smart Meters by December 2010 as part of the Province of Ontario's
10 Smart Meter initiative. On June 25, 2008, Ontario Regulation 235/08 was filed by the Ontario
11 Provincial Government giving WNP authorization to proceed with its first phase of Smart Meter
12 installation.

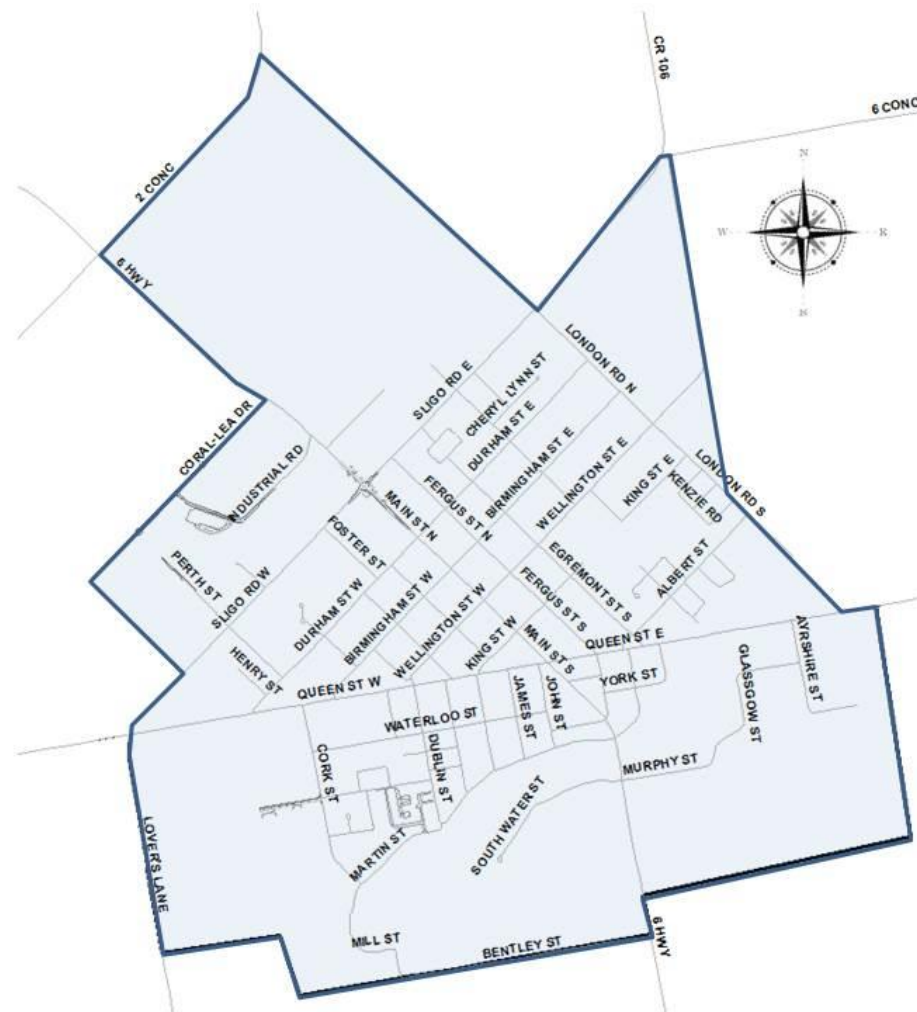
13 In managing its distribution system assets, WNP's main objective is to optimize performance of
14 the assets at a reasonable cost with due regard for system reliability, public and worker safety
15 and customer service requirements.

16 In addition to the capital needs of the network, WNP provides for maintenance planning for the
17 assets. WNP's assets fall into two broad categories – distribution plant, which includes assets
18 such as substation building, wires, overhead and underground electricity distribution
19 infrastructure, transformers, meters and substations; and general plant which includes assets
20 such as, office building and service centre, computer equipment and software. General Plant
21 also includes the company's fleet of six vehicles and stores equipment.

22 The following pages illustrate WNP service area maps
23

1

WNP Service Territory Map – Mount Forest

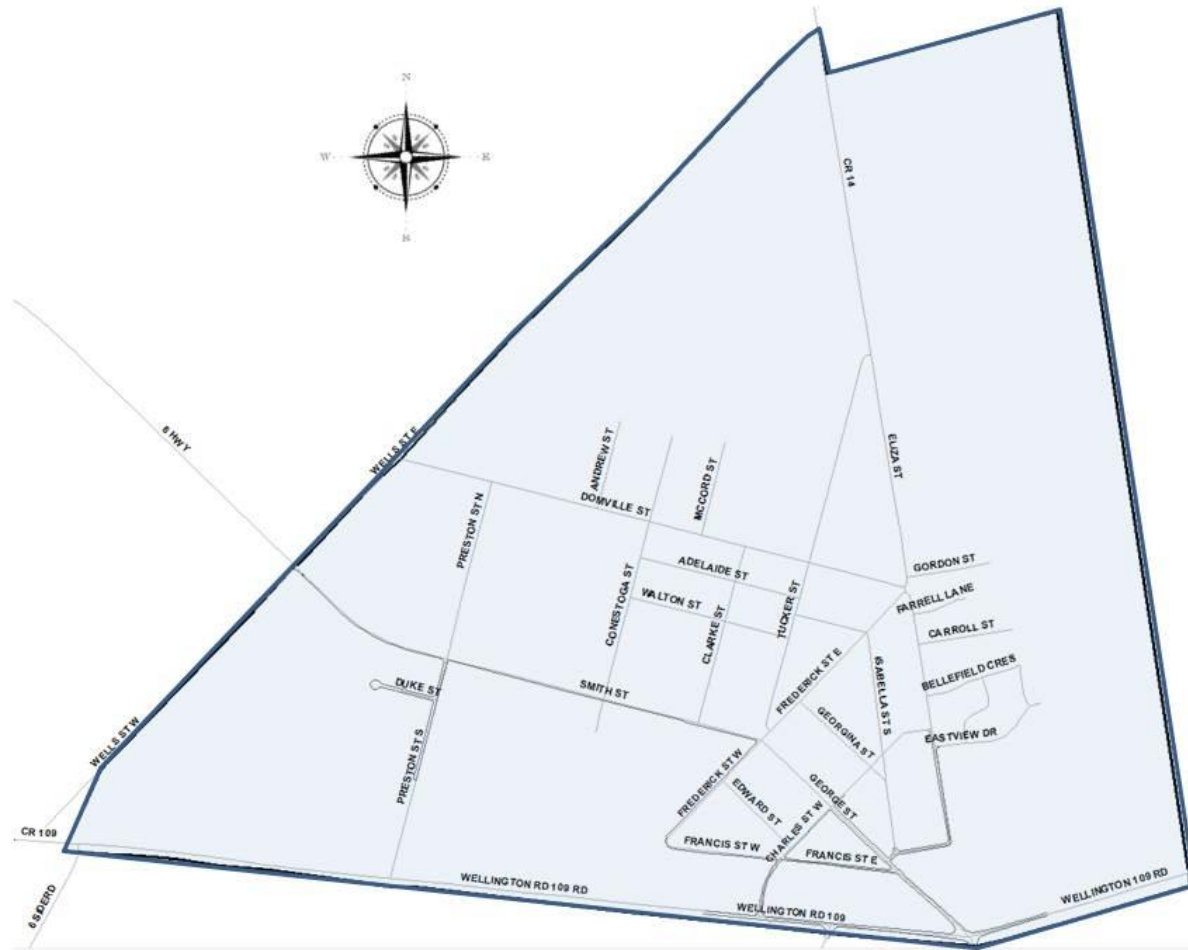


2

3

1

WNP Service Territory Map – Arthur

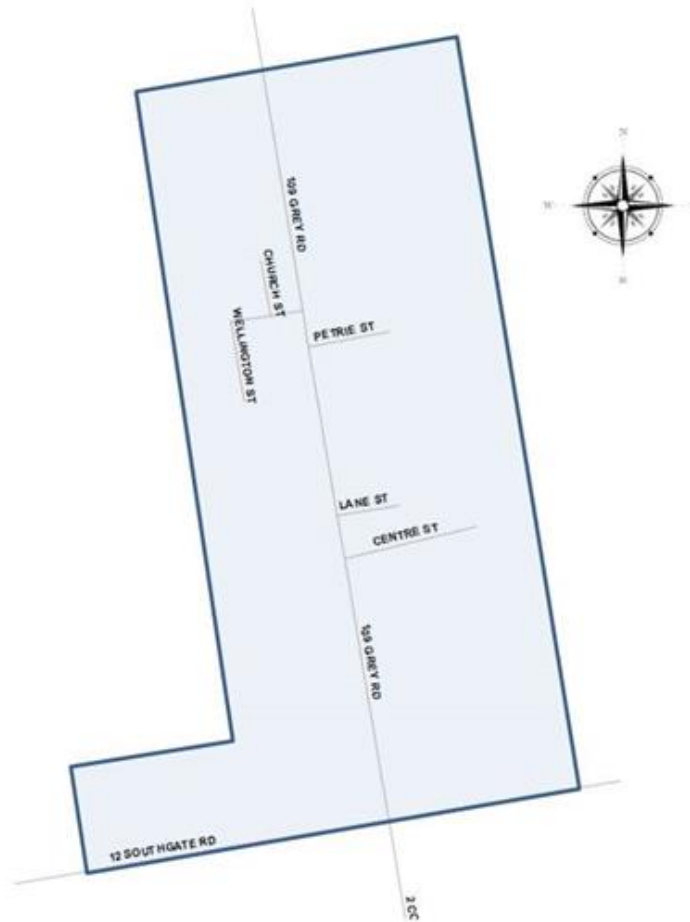


2

3

1

WNP Service Territory Map – **Holstein**



2

3

1 **Ex.1/Tab 4/Sch.2 – Host /Embedded Distributor**

2 WNP is an embedded distributor who receives electricity at distribution level voltages from Hydro One
3 Networks Inc. WNP does not have any embedded distributors within its territory.

4

1 **Ex.1/Tab 4/Sch.3 – Transmission or High Voltage Assets**

2 The Applicant does not have any transmission or high voltage assets deemed by the Board as
3 distribution assets and as such are not seeking approvals from the Board in that regards.

4

Customer Engagement

Ex.1/Tab 5/Sch.1 - Overview of Customer Engagement

The Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (the “RRFE Report”) contemplates enhanced engagement between distributors and their customers to provide better alignment between distributor operational plans and customer needs and expectations. WNP always has, and always will, focus on its customers by striving to provide superior service to its customer base. WNP is also becoming more customer-centric by investing in new capabilities, programs, and technologies that allow us to communicate more effectively and efficiently with our customers. Some of our current initiatives to maintain or improve our level of customer engagement are as outlined over the next few pages.

WNP has summarized its customer engagement activities in table 1.18 on the following page

1

Table 1.18 – OEB Appendix 2 – AC

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
In-Office Customer Engagement Office is open 5 days a week during business hours where customers can telephone, e-mail or visit and speak to a person	a) Front Counter Engagement b) Technical Engagement c) Bill query support - consumption analysis	Consumer concerns and issues are dealt with immediately by knowledgeable Customer Service Representatives (CSR) and in-person. For any concerns that cannot be resolved, the Customer Service Representative (CSR) will involve the CSR Supervisor or Lead-Hand and if required, also include the Chief Operating Officer and/or Chief administrative Officer of the company. Queries regarding service lay-out requests, power outage or partial power are discussed with the Lead-Hand, the Operations Technician or the Chief Operating Officer who will investigate. CSR's assist consumers with billing queries such as understanding the bill and reviewing electricity usage queries. For example, CSR's can print interval data for a specified period and present to customers information showing when their consumption appears irregular (high/low). This assists customers in understanding TOU periods and rates.
Financial Assistance Program	WNP provides support through two agency partners with the province's Low-income Energy Assistance Program (LEAP). This emergency financial assistance programs are designed to help low-income customers who have difficulty making their electricity bill payments.	WNP continues to promote verbally the emergency financial assistance programs that are available to assist low-income customers
Customer Connect and on-line payment services	WNP provides a self-service tool, accessible through the LDC's website where a customer can review their consumption history and payment records. Customers can view their information anytime	Customers contact the LDC to request initial set-up. No further action is necessary as this is a self-service tool.
Customer Surveys	UtilityPULSE (3rd party) telephone survey in 2013 and 2014	WNP received complaints from customers about being interrupted to participate in a survey. For example, of 989 residential and small businesses contacted, WNP staff and Board Directors received negative feedback from 19 customers (2%) advising they had been interrupted or if they had a problem with their local hydro company, they would tell us directly. WNP is investigating the benefits and cost of using "pull" surveys i.e. where customers complete a survey in their own time and convenience.
Annual Spring/Fall Fairs in the communities of Arthur and Mount Forest	a) Conservation and usage reduction for small business and residential customers, Customer Connect, billing queries and Electrical Safety awareness	General awareness of conservation activities and programs as well as electrical safety
Regional Planning Engagements	a) WNP is invited to participate in IESO regional planning meetings b) Meetings with Hydro One	a) To date, there are regional planned projects that affect WNP b) WNP and Hydro One meet annually, if required, to address any issues. For example, WNP has been working with Hydro One on a 2nd-line feeder to Mount Forest proposal to address current capacity limitations as well as reliability concerns. This proposal has been included in this rate application seeking OEB approval to recover the project cost from ratepayers.
Customer Education literature	WNP publishes advertisements and includes bill inserts regarding energy conservation, electrical safety and annual updates regarding major capital projects completed or planned by the LDC	WNP received feedback from one customer advising the annual updates were informative but what was cost to print this information. WNP contacted the customer by telephone (and followed up by e-mail) thanking him for the feedback and advising the article was written in-house and the only cost was placing the notice in the newspaper (\$395+HST). The LDC is using social media (Twitter and Facebook) to provide updates as this incurs no cost and will be re-launching its website in 2016 which will contain capital project information for consumers to review at their convenience
Social Media	During a power outage, customers want updated information about restoration times. WNP introduced social media (Twitter and Facebook) and provide real-time updates of outages, promotion of electrical safety, energy conservation and events that the LDC will be	The LDC has received positive customers feedback regarding notification of power outages and restoration times via social media
Public meetings	In March 2015, WNP hosted two public meetings to share information regarding proposed capital plans and energy conservation programs. Regrettably, there was zero attendance despite promoting the events in newspaper adverts and bill inserts.	WNP is considering alternative methods to interact with consumers, such as speaking at a Chamber of Commerce and holding a Questions & Answers session.
Industrial and Commercial consumer interaction	If there is a power outage (even a momentarily interruption) Industrial and Commercial contact the Chief Operating Officer (COO) on his cell. The COO maintains personal contact with these customers advising of updates and progress. The COO also personally meets with these customers periodically throughout the year to discuss matters including sharing of information regarding changing their shift patterns, expansion, reduction and demand capacity requirements	Industrial and Commercial customer appreciate the accessibility to knowledgeable WNP staff who take action and support their requirements. For example, there is a current demand capacity constraint which in the near future will affect growth in Mount Forest. WNP has worked with intensive energy users to understand their future energy demands and provided updated demand forecast data to Hydro One to explore opportunities. Hydro One and WNP have worked on a 2nd line feeder proposal which is included in this rate application and has support from industrial/commercial customers

2

3

1 **Ex.1/Tab 5/Sch.2 - Customer Satisfaction Survey**

2 WNP incorporates customer feedback into its capital planning process. As a local small utility and with
3 many of the employees and Board Directors of the company living in the service area, it means that
4 customer concerns are communicated quite easily just by interaction. WNP prides itself in having an
5 office that is open 5 days a week during business hours meaning that customers have access to LDC
6 employees to answer questions or to raise concerns.

7 WNP has been conducting surveys of their customer base over the last few years of years, with
8 responses constantly indicating that customers are satisfied with the LDC's service levels, capital
9 spending program and reliability of the distribution system. Customers have also indicated that energy
10 costs have an impact on their budget and that cost of energy is a concern. The surveys conducted and
11 customer engagement events that WNP have participated in include:

- 12 a) CHEC (Cornerstone Hydro Electric Concepts Inc.) Joint Utilities Customer Satisfaction Survey
13 utilizing the services of UtilityPULSE (June 2013);
- 14 b) WNP Customer Satisfaction Survey utilizing the services of UtilityPULSE (June 2014);
- 15 c) Public meetings in March 2015;
- 16 d) General Service 1,000 – 4,999kW Survey (December 2014)
- 17 e) Attendance at local community events – such as Homeshows and Spring / Fall fairs;
- 18 f) Bill inserts and newspaper advertising promoting energy conservation tips and electrical
19 awareness;
- 20 g) Annual newspaper adverts informing consumers of projects completed by WNP during the year
21 as well as planned projects;
- 22 h) Social media postings promoting energy conservation tips and electrical awareness.

23 In 2014, as part of the preparing for WNP's 2016 Cost of Service rate application, the LDC
24 commissioned UtilityPULSE to conduct a telephone satisfaction of its customers. In this survey 966
25 customers (residential and small businesses) were contacted and 366 interviews completed
26 representing a response rate of 37% (providing a confidence level of 95% (+/- 5.1%). (A summary of
27 the survey results are included in Appendix 1A.

28 Details of WNP's 2014 Customer Satisfaction results was posted on the LDC's website
29 (http://www.wellingtonnorthpower.com/downloads/WNP_UtilityPULSE_Summary2014.pdf) and a
30 summary was included as a bill insert in electricity bills issued in September 2014 thanking customers
31 for sharing their opinion of their local hydro company.

The table below provides a comprehensive summary of the results of the 2014 Customer Satisfaction survey:

Table 1.19: 2014 Customer Satisfaction Survey - Summary

	Area	Score
1	Electricity bill payers who are “very or fairly” satisfied with Wellington North Power	91%
2	Cost of electricity is reasonable when compared to other utilities	63%
3	Proactive in communicating changes and issues affecting customers	84%
4	Deals professionally with customers’ problems	90%
5	Delivers on its service commitments to customers	89%
6	Provides consistent and reliable electricity	93%
7	Quickly handles and restores power	90%
8	Makes electricity safety a top priority for employees and contractors	90%
9	Operates a cost effective electricity system	78%
10	Overall the utility provides excellent quality services	88%

WNP reviewed the above information as a good indicator of how the company is being perceived by its customers. The LDC recognizes that there are areas for improvement, such as improving customer communication and engagement when planning distribution projects because WNP believes this activity will offer consumer awareness and diminish any negative perception towards the company not operating a cost-effective electricity system. With this in mind, WNP organized two public meetings at public locations within the service territory in March 2015 with the objectives of:

- a) Presenting WNP’s Capital Expenditure projects planned for 2015 together with proposed investment plans for 2016 to 2020;
- b) Promoting energy conservation as well as tips and energy saving advice.

Notices advertising the public meetings were placed in two local newspapers. Regrettably, there was no attendance at either meeting. The LDC is disappointed with the response and is now exploring what other initiatives can be used to engage customers to gather input into WNP’s capital projects.

As part of the 2014 Customer Satisfaction survey, customers were also asked about WNP's effectiveness during an unplanned outage. The table below summarizes the results:

Table 1.20 2014 Customer Satisfaction Survey
– WNP's Effectiveness during an Unplanned Outage

	Area	Satisfaction Score
1	Responding to questions	72%
2	Providing a reason for the outage	71%
3	Providing an estimate when the power was restored	72%
4	Responding to the power outage	88%
5	Restoring power quickly	91%
6	Communicating updates periodically	71%
7	Posting information to the website	35%
8	Using media channels for providing updates	52%

As an embedded distributor, in "Loss of Supply" unplanned outages, the LDC is reliant upon Hydro One to restore power upstream of the service area. WNP acknowledges this and attempts to impart latest information that is made available by Hydro One. Where the loss of supply is on WNP's distribution system, the Operations team provides periodic updates to Customer Service Representatives (CSRs) who can share information with customers.

WNP acknowledge that its current website has a limited capability, with updates having to be loaded by a 3rd party. With this in mind, in Quarter 4 2015, the LDC is migrating to a new web hosting company and as part of the solution, the LDC will be able to post its own updates to its website – this will be real-time information that the LDC currently posts on social media sites. With this project, it is envisaged that this will address the poor satisfaction score of 35% received during the 2014 Satisfaction Survey for "posting information to the website".

In Quarter 1 of 2015, WNP began posting communication messages to customers using social media (Facebook and Twitter). Messages include weather warnings, notice of planned outages, updates of restoration times during unplanned outages, energy saving tips, electrical safety awareness messages, invitations to events that WNP will be attending (e.g. Homeshows and Spring/Fall Fairs) and notifications that bills have been mailed. This has been implemented as a result of the feedback gathered from the 2014 Scorecard survey regarding use of media channels.

Included in the 2014 Customer Satisfaction survey, customers were also asked about priority investments and the table below summarizes the responses:

Table 1.21: 2014 Customer Satisfaction Survey – Priority Investments

	Area	Satisfaction Score
1	Investing more in the electricity grid to reduce the number of outages	65%
2	Burying overhead wires	55%
3	Developing a smart phone application	27%
4	Maintaining and upgrading equipment	78%
5	Providing sponsorships to local community causes	43%
6	Making better use of social media	31%
7	Providing more self-serve services on the website	28%
8	Educating customers about energy conservation	73%
9	Reducing the time needed to restore power	80%
10	Invest more in tree trimming	59%

WNP appreciates the feedback from its customers and with this information, has implemented or planned the following initiatives:

- a) Use of social media - in Quarter 1 of 2015, WNP began posting communication messages to customers using social media (Facebook and Twitter). In WNP's 2015 Communications Plan, the LDC has recorded the messages that are shared with its customers and through what forms of media. This is an evolving document, that throughout 2015, the LDC will update to reflect learnings. For example, the reviewing the 2011 Census statistics for one of the LDC's service area, the urban area of Mount Forest, 33% of the population is over the age of 60; therefore using the social media as forms of communication may not be effective for all consumers.

Table 1.22: Age Demographics for Mount Forest (2011 Census data)

Age Range	Population: Mount Forest, Ontario	% of Total Population
0 to 19 years	985	21%
20 to 29 years	465	10%
30 to 39 years	440	9%
40 to 49 years	630	13%
50 to 59 years	655	14%
60 years and over	1,580	33%
Total	4,755	
Median age of the population	48	
% of the population aged 20 and over	79%	

- a. Self-service website - in March 2015, WNP launched “Customer Connect” which is an on-line portal where customers can view their historic electricity consumption as well as payment history. Furthermore, in Quarter 4 2015, the LDC is migrating to a new web hosting company and as part of the solution, the LDC will be able to post its own updates to its website – this will be real-time information that the LDC currently posts on social media sites.
- b. Smart-phone application – the re-launched website planned for Quarter 4 2015 will be Smart-phone compatible.
- c. “Tree-trimming” – in April 2013 and December 2013, the LDC’s service territory was affected by major ice-storms causing extensive tree damage and power outages due to “Loss of Supply”. Since 2012 to date, WNP has increased the amount of resources committed to line-clearing and vegetation control. WNP adheres to the ESA requirements for tree trimming using EUSA utility best practices. WNP does not perform tree removals. Townships are notified if there is a concern with a particular tree and the Township is involved in any decision regarding tree removal.
- d. The planned CapEx initiatives planned for 2015 to 2020 include projects where cables will be buried underground as summarized below:

Table 1.23: Planned Underground Projects – 2015 to 2020

Year	Project	Category	OEB Invest. Category	Estimated Cost
2015	Frederick Round About	Pole Line Project - Modification due to 3rd party	System Access	\$ 88,500
2015	Lucas Subdivision	Underground Distribution Projects - Capital Contribution	System Access - Capital Contribution	-\$130,000
2018	UG Rebuild - Holstein Rear-lot Conversion (partial)	Underground Distribution Projects	System Renewal	\$ 70,000
2020	Underground Projects to be named nearer date	Pole Line Projects	System Renewal	\$ 130,000

- e. Investing more to reduce the number of outages - in April 2013 and December 2013, the LDC’s service territory was affected by major ice-storms causing extensive tree damage and power outages due to “Loss of Supply”. On April 12th 2013 a major ice-storm downed 44kV hydro poles to the north of WNP’s service territory and due to the this upstream loss of supply, the Town of Mount Forest (served by WNP) has a power outage lasting nearly 18 hours and negatively impacting the manufacturing and small business consumers as well as critical load customers in Mount Forest. The outage further demonstrates the need for an alternate power supply to ensure critical loads (hospital, seniors housing complex and warming station) are maintained and switching options are available to transfer loads. As contained in this Distribution System Plan, in

1 conjunction with Hydro One, WNP has proposed a solution to provide a 2nd feed to the
2 Town of Mount Forest to address current load capacity constraints as well as reliability
3 concerns – this is discussed in WNP's Distribution System Plan in Exhibit 2 (Appendix
4 2A - Section 5.4.5.3.1.)
5

6 In Quarter 1 of 2015, the LDC surveyed its General Service 1,000 – 4,999 kW customers with the
7 results illustrated in the table below:

1

General Service 1,000 -4,999 kW Customer Survey

WNP Survey - Interval Customers (General Service 1000 - 4999kW)						
Question	Very Satisfied	Fairly Satisfied	Fairly Dissatisfied	Very Dissatisfied		
1 How satisfied are you with overall service?	4					
	Yes	No				
2a Have you experienced and power outages in last 12 months?	3	1				
	Yes	No				
2b Did you try to contact WNP about outage?	4					
	Telephone	Fax	E-Mail	Social Media	Letter	In Person Other
2c What Method did you use to contact WNP?	4		2			1
3 The following items relate to the Operations side. Does WNP	Agree	Disagree	Undecided	No Comment		
i Provide consistent, reliable electricity	3			1		
ii Delivers on its service to customers	4					
iii Accurate billing	4					
iv Quickly handles outages	3		1			
v Makes electricity safety a priority	3			1		
vi Uses responsible environmental practices	3			1		
vii Efficient at managing the electric system	2			2		
viii Provides excellent quality service	4					
4 The following items relate to the WNP as a company. Is WNP	Agree	Disagree	Undecided	No Comment		
i Respected in the Community	4					
ii Maintain high standards of business ethics	3			1		
iii A leader in promoting energy conservation	3			1		
iv Keeps it promises to customers and community	2			2		
v Is a socially responsible company	2			2		
vi Is a trusted and trustworthy company	3			1		
vii Is a company you would recommend	3			1		
viii Operates a cost-effective hydro system	2			2		
ix Having a local company a benefit	4					
	One Time	Two Times	3 to 5 Times	6 -1 Times	More then 1 Times	None
5a How many unplanned outages over last 12 months?	4					
	Less than 15 Minutes	16 - 3 Minutes	31-6 Minutes	1-2 Hours	3-5 Hours	6-12 hours More then 12 hours
5b How long is average outage?	2		1	2		1
	Telephone	Fax	Website	Social Media	Main	In Person
5c Primary contact method during outage?	4			1		
6 Is WNP effective during unplanned outage?	Very Effective	Somewhat Effective	Somewhat Ineffective	Very Ineffective	No Comment	
i Responding to questions	3	1				
ii Providing reason for outage	3	1				
iii Providing an estimated for power restoration	3	1				
iv Responding to power outage	3	1				
v Communicating updates periodically	3	1				
vi Posting information on the website	1	1			2	
vii Using media channels for providing updates	1				3	
7 Prioritizing investments and activities?	Very High Priority	High Priority	Low Priority	Very Low Priority	No Comment	
i Investing more in in electricity grid	3				1	
ii Burying overhead wires	1	1		1	1	
iii Maintaining and upgrading equipment	2				2	
iv Providing sponsorship to causes		1		1	2	
v Making better use of social media				2	2	
vi Providing more self-service on website				2	2	
vii Educating customers about conservation	2			1	1	
viii Reducing response time to outages	1	1	1		1	
ix Investing more in tree trimming	1			1	2	

2

WNP has five General Service 1,000 – 4,999 kW customers of which four completed the survey.
From reviewing the responses, WNP has made the following observations:

a) Customers are “very satisfied” with the service they receive from WNP;

b) When there is a power outage, General Service 1,000 – 4,999 kW customers contact WNP with their preference being by telephone. These customers have the Chief Operating Officer cell number and contact him directly even when there are momentarily power interruptions. This is very useful information to receive and aids WNP in decision-making – i.e. to perform line patrols across its service area and whether to contact Ontario Grid Control Centre (OGCC) to establish if there are upstream issues.

c) Efficient at managing the electric system – 50% of customer did not comment on this question. In WNP’s opinion, there may be customer frustration with their local hydro company not being able to resolve a power outage problem expediently because it is as a result of an issue beyond the LDC’s service territory. During the April 2013 major ice storm, WNP is aware that the two General Service 1,000 – 4,999 kW customers operating in the Town of Mount Forest were affected by the 18 hour power outage and the LDC had no ability to switch load to another supply. WNP, working with Hydro One has proposed a 2nd feeder to this area which is discussed in detail in WNP’s Distribution System Plan in Exhibit 2 (Appendix 2A - Section 5.4.5.3.1).

d) “Keeps it promises” and “Is a socially responsible company” both had mixed results with 2 customers agreeing with these statements and 2 customers providing no comment.

e) “Operates a cost-effective hydro system” also provided mixed results. These customers incur the Global Adjustment element on their electricity accounts and WNP has explained that, although this represents a significant portion of their total bill, the LDC has not control over this charge. All four customers respect this information yet feel frustrated with the inability to control or predict this fluctuating electricity component. WNP has worked with all its General Service 1,000 – 4,999 kW customers to undertake CDM programs to conserve energy and install energy demand savings devices.

1 f) “Investing more in the electricity grid” – 75% of respondents rated this as a very high
2 priority. As mentioned above, these intensive energy users are affected by momentary
3 power interruptions. WNP is aware that the two General Service 1,000 – 4,999 kW
4 customers operating in the Town of Mount Forest were affected by the 18 hour power
5 outage and the LDC had no ability to switch load to another supply. WNP, working with
6 Hydro One has proposed a 2nd feeder to this area which is discussed in detail in WNP’s
7 Distribution System Plan in Exhibit 2 (Appendix 2A - Section 5.4.5.3.1).

8 From the responses received, WNP has adapted its operating and capital plans to address the
9 needs and expectations of its General Service 1,000 – 4,999 kW customers.

10

Ex.1/Tab 5/Sch.3 – Front Desk Support

WNP maintains front desk support allowing the customer and the utility to interact on a direct basis. Social interaction is still one of the best ways to be in close contact with the customer. People love being heard and they like giving feedback, which is conveniently done when paying their electrical bill at the front counter of your local utility.

With a front desk, information is exchanged regularly with every customer interaction. Data gathered through these interactions can then be used to improve business outcomes. In this sense, front desk staff becomes pivotal to the business and bridges the gap between the customer and other utility staff. WNP plans on continuing its front desk operations as a form of customer engagement and to ensure expected customer service levels are maintained.

1 **Ex.1/Tab 5/Sch.4 – Publications**

2 All of WNP's customers receive a physical bill in the mail each month. WNP takes advantage of
3 this opportunity to communicate additional information by bill inserts. Many of these messages
4 are coordinated with announcements from the OEB, IESO, and other agencies, and include
5 information about retailers, rate changes, conservation and demand management programs,
6 electrical safety awareness and references to our website.

7

1 **Ex.1/Tab 5/Sch.5 –Advertisements**

2 WNP posts notices and announcements in local newspapers For example, when customers are
3 affected by planned outages across a wide area (for instance on December 7th 2014, there was
4 planned outage by Hydro One which affected the town of Mount Forest between 2am and 5pm.
5 WNP published a newspaper notice advising customers of this outage.)
6

Ex.1/Tab 5/Sch.6 – Conservation and Demand Management

Conservation and Demand Management (“CDM”) work conducted by WNP includes a number of initiatives that involves outreach to our customers. Reaching out to customers through CDM programs helps customers to better understand their local utility, while they become more knowledgeable about energy conservation. WNP continues to participate in a number of community events to highlight CDM program offerings.

In addition to the above, a number of customers have express the need for extra consultation and assistance with various CDM programs. In response to this, utility staff makes direct contact with customers to assist them with their concerns and/or CDM program applications on an individual basis. These efforts provide a communication channel to energy conscious customers so that the needs and desires of these customers are better understood and addressed.

One extremely important CDM initiative that WNP has undertaken for the past several years is that of the Roving Energy Manager (REM) program. CHEC Association Members, including WNP, currently share a REM across their respective distribution territories in order to make this position as cost effective as possible. Key areas of responsibility for the REM include performing site visits, assessing potential areas for energy savings, and providing written reports where required.

The REM has been instrumental in assisting WNP with meeting its CDM goals and objectives, while engaging WNP’s, commercial, and industrial customers. Under the REM program, a mutually beneficial relationship is created whereby the needs and wants of the utilities larger customers are satisfied through CDM offerings, while the REM becomes a significant resource of knowledge to the utility. At the present time, WNP expects the REM program to continue into the foreseeable future.

Ex.1/Tab 5/Sch.7 – Community Involvement

It is important to WNP and its Shareholders that its employees support and give back to their community, and as such the utility participates in several community projects and events (at no cost to ratepayers) such as:

- Christmas Lights: WNP assists with wiring, set-up and removal of Christmas lights throughout the towns of Arthur, Holstein and Mount Forest;
- ALS Ice Bucket challenge – the utility participated in this worthy cause;
- Attendance at local community meetings and events.

1 **Ex.1/Tab 5/Sch.8 – Social Services**

2 WNP provides support through partnerships with the province's Low-income Energy Assistance
3 Program (LEAP) program. This financial assistance program is designed to help low-income
4 customers who have difficulty making their electricity bill payments.

5

Ex.1/Tab 5/Sch.9 – Other Engagement Activities

Other Customer centric engagement activities Include:

- Newsletters and bill inserts;
- Education – school programs promoting electrical safety in conjunction with the ESA;
- Outage Notification – Planned
- Website
- Customer Connect – an-online portal enabling WNP customers to securely logon to their account to access consumption and payment history
- Facebook and Twitter messaging advising of power restoration times during outages as well as promoting energy saving tips and TOU rates.

Financial Information

Ex.1/Tab 6/Sch.1 - Historical Financial Statements

Historical Audited Financial Statements have been included in the Appendix of this Exhibit

The following attachments are presented in this next section.

- Appendix 1B Year ended 31 December, 2012
- Appendix 1C Year ended 31 December, 2012
- Appendix 1D Year ended 31 December, 2012

Ex.1/Tab 6/Sch.2 - Reconciliation between Financial Statements and

Results Field

A detailed reconciliation between the financial results shown in WNP annual RRR filings, Audited Financial Statements and with the regulatory financial results filed in the application is included in Appendix 1E for the years 2012, 2013 and 2014.

1 **Ex.1/Tab 6/Sch.3 - Annual Report**

2 WNP does not publish an annual report to its Shareholders. Financial statements are presented
3 yearly to the Shareholder at an annual Shareholder meeting.

4

1 **Ex.1/Tab 6/Sch.4 - Prospectus and Recent Debt/Share Issuance Update**

2 WNP does not issue debt or share nor do they publish any prospectus.

3

Ex.1/Tab 6/Sch.5 - Other Relevant Information

The Applicant is not seeking any changes to its tax status in this application.

Existing/Proposed Accounting Orders:

The Account Standard (“AcSB”) deferred mandatory adoption of IFRS for qualifying rate regulated entities to January 1, 2016. However, per the Board’s letter of July 17, 2013, electricity distributors electing to remain on CGAAP were required to implement regulatory accounting changes for depreciation expenses and capitalization policies by January 1, 2013.

WNP choose to implement the change in useful lives under CGAAP as of January 1, 2012 and included this in WNP’s 2012 Cost of Service rate application (EB-2011-0249). This application was approved by the Board as per Decision and Order September 20, 2012.

WNP has prepared this 2016 Cost of Service rate application under MIFRS.

Accounting Standards used in Application:

In accordance with the Board’s Filing Requirements, WNP has provided information for 2012, 2013, and 2014 Actual under CGAAP. The 2014 Actual, 2015 Bridge Year and 2016 Test Year have been provided under MIFRS.

The only implication for WNP is the reallocation of Account 1995 Contributed Capital to Account 2240 Deferred Revenue. There were no monetary impacts or revenue requirement impact from this change as provided in Appendix 2-Y, illustrated below.

Table 1.24: Impact of Transition to IFRS

Appendix 2-Y Summary of Impacts to Revenue Requirement from Transition to MIFRS				
Revenue Requirement Component	2016 MIFRS	2016 CGAAP without policy changes	Difference	Reasons why the revenue requirement component is different under
Closing NBV 2015	\$ 7,653,193	\$ 7,653,193	\$ -	
Closing NBV 2016	\$ 9,155,083	\$ 9,155,083	\$ -	
Average NBV	\$ 8,404,138	\$ 8,404,138	\$ -	
Working Capital	\$ 1,119,697	\$ 1,119,697	\$ -	
Rate Base	\$ 9,523,835	\$ 9,523,835	\$ -	
Return on Rate Base	\$ 570,249	\$ 570,249	\$ -	
OM&A	\$ 1,797,368	\$ 1,797,368	\$ -	
Depreciation	\$ 361,570	\$ 361,570	\$ -	
PILs or Income Taxes	\$ -	\$ -	\$ -	
Property Taxes	\$ 14,000	\$ 14,000	\$ -	
Less: Revenue Offsets	\$ 150,588	\$ 150,588	\$ -	
Insert description of additional item(s)			\$ -	
Total Base Revenue Requirement	\$ 2,592,599	\$ 2,592,599	\$ -	

Materiality Threshold

Ex.1/Tab 7/Sch.1 - Materiality Threshold

The Minimum Filing Requirements state that a distributor with a distribution revenue requirement of less than \$10 million must use \$50,000 as a materiality threshold. With a proposed base revenue requirement of \$2,592,599, WNP has used this amount as a materiality threshold throughout this application.

Corporate Governance

Ex.1/Tab 8/Sch.1 - Corporate Governance Structure

WNP is incorporated under the Ontario Business Corporations Act, and is owned by the Shareholders of the Township of Wellington North and the Township of Southgate:

Commons Shares:	Township of Wellington North	97%
	Township of Southgate	3%

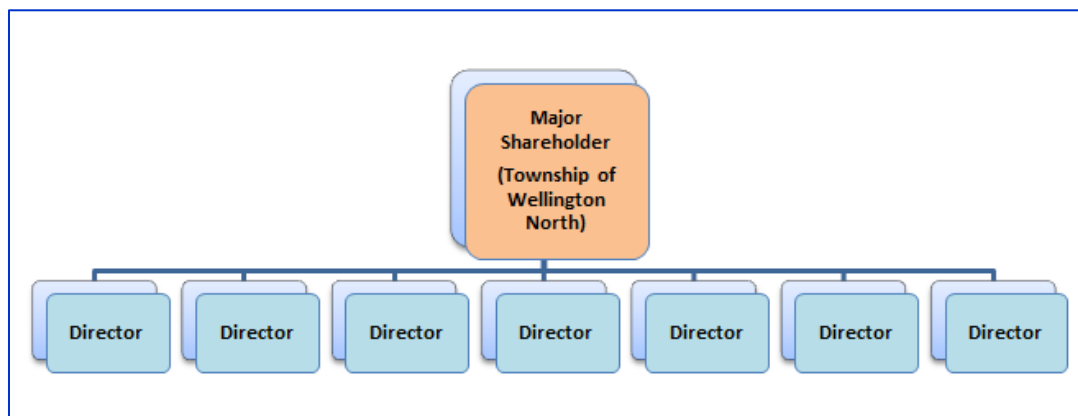
WNP is managed by a Board of Directors appointed by the Township of Wellington North. In May 2015, the majority shareholder carried a motion to appoint two new directors to WNP's Board of Directors. Consequently, this increased the number of Board Directors from five to seven.

The composite of the Board of Directors is:

- 3 Directors - representatives of the Township of Wellington North
- 1 Director - an employee of Wellington North Power Inc.
- 3 Directors - independent and affiliated to neither the Township nor the utility

This composite complies with the Affiliates Relationship Code ("ARC") whereby at least 33% of the directors must remain independent from the Affiliate.

Table 1.25: Corporate Governance Structure



Ex.1/Tab 8/Sch.2 – Board of Directors

WNP has 3 corporate independent board members, (meaning that they are not an employee or officer of the utility). This conforms to the Affiliate Relationship Code (“ARC”) whereby at least one-third of its directors must remain independent from Affiliate Boards. When a Board member is appointed, they sign an attestation acknowledging acceptance of the Code of Conduct which speaks to conflicts of interest as well as a Confidentiality Agreement.

Open, frank and honest discussions are encouraged at all Board and Committee meetings. The Chief Operating Officer and/or Chief Administrative Officer provides the WNP’s Board with all the written reports, presentations, verbal and written responses to WNP’s Board enquires, that are crucial to the success of the corporate goals and objectives. These practices enable WNP’s Board of Directors appreciates the challenges and opportunities that confront the utility and assist the Board in making strategic decisions.

The background of each [Utility Name] Board Member is as follows:

- 1) Alan Rawlins (Chair) - Appointed December 1st 2014, Director
 - a. WNP Board Director from January 1st 2008 to November 30th 2014
 - b. Attends WNP’s Finance Committee, Operations Committee and Organization, Personnel and Market Relations Committee meetings
 - c. Retired Sales Manager and Estimating Manager
 - d. Lions Club member and active participant
 - e. An independent Director on WNP Board
- 2) Andrew Lennox (Vice-Chair), Appointed December 1st 2014
 - a. Attends WNP’s Finance Committee meetings
 - b. Mayor of the Township of Wellington North
 - c. Owner / Consultant for Greenleaf Strategy
 - d. Owner of Lennox Farms
 - e. Former Product Manager and Marketing Communications Manager
 - f. Business Education and experience in management and business planning

3) David Commissiong, Appointed April 26th 2001

- a) Attends WNP's Organization, Personnel and Market Relations Committee meetings
- b) Retired
- c) Former VP of Marketing & Sales at Ontario Hydro
- d) Former Brand Manager at GE Appliances
- e) Wealth of hydro and marketing experience combined with strategic planning and change management

4) Mike Givens, Appointed May 11th 2015

- a) Chief Administrative Officer at Township of Wellington North
- b) Former Treasurer at the Township of Wellington North
- c) Former Director of Finance at the Township of Mapleton
- d) Wealth of knowledge regarding governance and experience in the public sector

5) Gerald Shepetunko, Appointed June 5th 2012

- a) Attends WNP's Finance Committee, Operations Committee meetings
- b) Retired
- c) Former Contracts Administrator at SPAR Aerospace Ltd
- d) Attends all local community events
- e) Extensive procurement and contract management background

6) Daniel Yake, Appointed May 11th 2015

- a) Attends WNP's Organization, Personnel and Market Relations Committee meetings
- b) Wastewater Operator & Mechanic at Ontario Clean Water Agency
- c) Municipal councillor since 1994
- d) Former Shipping & Receiver specialist
- e) Former press operator
- f) Leadership and people skills

1 7) Richard Bucknall, Appointed May 11th 2015

- 2 a) Attends WNP's Finance Committee, Operations Committee and
3 Organization, Personnel and Market Relations Committee meetings
4 b) CAO at Wellington North Power Inc.
5 c) Former Regulatory and Office Manager at Wellington North Power Inc.
6 d) Former Commercial Manager at RWE npower in UK
7 e) Extensive European electricity knowledge
8

Ex.1/Tab 8/Sch.3 – Board Mandate

WNP's Board mandate is as per below:

1. General Accountability:

- The Board's primary duty is to supervise the management of the business and affairs of Wellington North Power Inc. (the "Company") and to protect the investment of the Shareholders by managing the exposure to inherent risks
-
- The Board's oversight relationship with management and accountability to shareholder(s) is to be guided by the Company's Statement of Mission, Vision and Values.
- Directors are expected to work with their fellow Directors to fulfill the mandates of the Board and the Committees of the Board.

2. Specific Accountabilities

- Each Director is expected to be familiar with the Shareholder Agreement and By-laws of the Company, Board Policies, the mandates of the Board and the mandates of the Committees of the Board on which the Director serves.
- Each Director will be well-informed on the business and affairs of the Company and on the economic, regulatory and community environments in which the Company operates.
- Each Director is expected to work cooperatively with his or her fellow Directors for the long term benefit of the Company, the shareholder(s) and to provide thoughtful and informed counsel to management.
- Each Director is at all times expected to possess and demonstrate the highest levels of personal and professional integrity.
- Each Director is expected to demonstrate his or her commitment to the Board and the Company, through preparation for and participation in meetings of the Board and Committees of the Board on which the Director sits, and to engage in full and frank discussions of all matters before the Board and those Committees.

Ex.1/Tab 8/Sch.4 – Board Meetings

In 2014, the WNP Board of Directors had 11 regular meetings as well as one extra-ordinary meeting and 2 special meetings. Extra-ordinary meetings are defined as gatherings for potential employee interviews and/or meetings with its shareholder. Special meetings are defined as presentations from companies or individuals on various electrical subjects or EDA/MEARIE conferences.

Table: 1.26 – Board Meeting Schedule

Wellington North Power Inc. Board Meeting Schedule - 2014
Tuesday, January 28, 2014
Tuesday, February 25, 2014
Tuesday, March 25, 2014
Tuesday, April 29, 2014
Tuesday, May 27, 2014
Tuesday, June 24, 2014
Tuesday, July 29, 2014
Tuesday, August 26, 2014
Tuesday, September 30, 2014
Tuesday, October 28, 2014
Tuesday, November 25, 2014

The overall attendance of the WNP Board Members has been exemplary, at minimum, each Directors has attended 92% of the meetings in 2014 and 96% of the board meetings to date in 2015.

Ex.1/Tab 8/Sch.5 – Orientation and Continuing Education

WNP values best practices of corporate governance and strives to maintain and adopt policies to promote maximum effectiveness. The Board recognizes that a Director Orientation and Continuing Education Policy is an essential tool to that effect.

The orientation and education process includes, but not limited to, the following information:

Orientation:

- Shareholder Directive and Confidentiality Agreement;
- Board Governance Policies (including Board Roles, Board Charters and Work Plans);
- Board Structure and Contacts;
- Board Meeting Schedule;
- Board Minutes (from previous year(s));
- Operating Bylaw / Corporate Policies / Corporate Background / Organizational Chart;
- Strategic Plan / Sales & Marketing Plan;
- Current Year Budget, Directors' & Officers' Insurance;
- EDA publications; and
- Health & Safety Orientation (building access/security, emergency evacuation, respect in the workplace (including Bill 168-workplace violence), privacy, accessible customer service

Continuing Education:

The Board is responsible for ensuring Directors are provided with continuing education opportunities. Each Director shall assess his/her development needs annually during the Board evaluation process and inform the Chairperson of the Board and Chief Executive Officer of his/her development requirements. Education and training is then scheduled based on the results of each assessment.

Additionally, informal training occurs by way of exposure to the following:

- Attendance at industry associated meetings such as EDA meetings and conferences.
- Education in regulatory directives and rate-setting.

1 **Ex.1/Tab 8/Sch.6 – Ethical Business Conduct**

2 The Board has adopted a Code of Conduct for Directors and Officers. Each Director and Officer
3 is required to read and sign the Code of Conduct annually. A copy of the Code of Conduct is
4 provided in Appendix 1E.

5

6 Potential conflicts of interest are declared and assessed at the outset of all Committee and
7 Board meetings.

8

1 **Ex.1/Tab 8/Sch.7 – Nomination of Directors**

2 When there is a vacancy (as a result of a resignation or a term-period expiring) a notice is
3 posted in the regional newspaper seeking suitable candidates to apply. The applications are
4 addressed to the CAO of the Township of Wellington North (the majority shareholder). It is the
5 duty of shareholder to interview and select suitable a candidate. The shareholder is appreciates
6 WNP's Board is composed of highly qualified and respected individuals who are knowledgeable
7 with respect to the challenges facing them and whose commitment to the interests of the
8 Corporation is beyond reproach. Appointees are selected with this in mind.

9

Ex.1/Tab 8/Sch.8 – Board Committees

The WNP Board Committees consist of the following:

- a) Operations Committee – meets every month to review capital investment plans, CapEx budgets versus actual, health and safety activities and CDM activities;
- b) Finance Committee – meets each quarter to review WNP's latest financials and study the CapEx and OpEx budgets versus actuals;
- c) Organization, Personnel and Market Relations Committee – meets each quarter to review strategic and tactical plans, communication plans and discuss HR matters.

A copy of each Board Committee mandate is included in Appendix 1G of this Exhibit.

1 **Letters of Comment**

2 **Ex.1/Tab 9/Sch.1 - Letter of Comment**

3 WNP confirms that it does not have any letter of comments to at the time of the filing

4

Scorecard Evaluation

Ex.1/Tab 10/Sch.1 – Scorecard Performance Evaluation

Under the Renewed Regulatory Framework a distributor is expected to continuously improve its understanding of the needs and expectations of its customers and its delivery of services. WNP's 2014 Scorecard can be found below. WNP is measured on four main categories:

Customer Focus - Service Quality:

Over the past five years WNP has exceeded all of the service quality measures including new services connected on time, scheduled appointments met, telephone calls answered within 30 seconds, first contact resolution, billing accuracy and customer satisfaction. WNP attributes this success to its open door policy to its customers. Employees answer the telephone themselves with no automated phone system, and make personal arrangements for appointments. At the first point of contact, whether on the phone or in one of the two offices, customers are generally helped immediately with questions or issues.

Customer Focus – 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

Operational Effectiveness:

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.

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

3
4 The average number of hours that power to a customer is interrupted is a measure of system
5 reliability or the ability of a system to perform its required function. Wellington North Power Inc.
6 considers the reliability of electrical service as a high priority for its customers and constantly
7 monitors its distribution system for signs of reliability degradation. Regularly maintenance of
8 equipment is required to ensure the level of reliability is kept as high as possible.

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

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

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

19
20 WNP is submitting its Distribution System Plan with this rate application.

21
22 **Public Policy Responsiveness:**

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

27
28 At the end of 2014, the actual kW Energy Savings achieved was 3.31 GWh (3,310,671 kWh)
29 meaning that the utility met 73% of its set target. Although the utility did not reach its sets
30 target, Wellington North Power Inc. continued to forge good relationships with residential and
31 small businesses. This was achieved by leveraging the suite of OEB approved CDM programs
32 primarily designed for the residential and small commercial classes of customers.

1 In 2015, a new CDM framework was mandated by the Ministry of Energy for the program period
2 2015 – 2020. Wellington North Power Inc. Energy Conservation Plan has been approved by the
3 Independent Electricity System Operator – a copy of this plan is available on Wellington North
4 Power Inc.'s website: <http://www.wellingtonnorthpower.com>

5
6 In 2014, Wellington North Power Inc. received no new micro-embedded generation
7 facility requests within its territory

8
9 **Financial Ratios:**

10 Wellington North Power Inc. achieved a ROE of 5.74% in 2014, which is just beyond the +/-3%
11 range allowed by the Ontario Energy Board (see above paragraph) – a variance of 3.38% lower
12 than the deemed ROE of 9.12%.

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

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

1

Wellington North Power Inc.'s 2014 Scorecard

Scorecard - Wellington North Power Inc.										9/2/2015
Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	Trend	Target	
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%	97.80%	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%	↗	98.00%	
		Billing Accuracy					99.73%	↗		
		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	0	0	0	0	0	↗		0
		Number of General Public Incidents 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		8.57%	9.12%	9.12%	9.12%			
		Deemed (included in rates) Achieved		-7.59%	1.66%	4.35%	5.74%			

Notes:
1. 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.
2. 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

2

3

1 Appendix

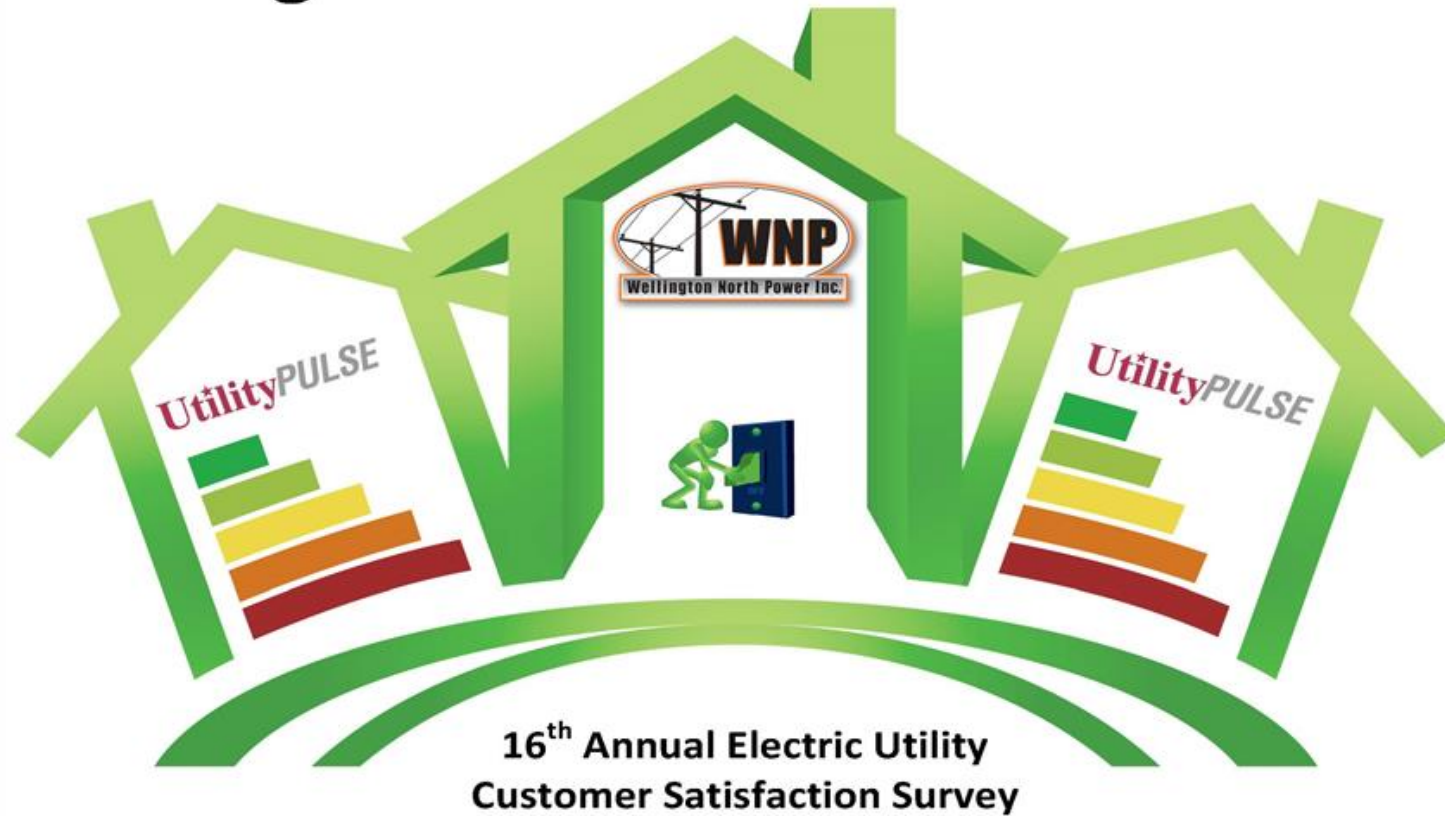
2 List of Appendices

Appendix 1A	2014 UtilityPULSE Survey
Appendix 1B	2012 Audited Financial Statements
Appendix 1C	2013 Audited Financial Statements
Appendix 1D	2014 Audited Financial Statements
Appendix 1E	Reconciliation: RRR filings and Audited Financial Statements (2012-2014)
Appendix 1F	Discipline and Enforcement Policy
Appendix 1G	WNP Committee Mandates

3

¹ Appendix 1A – 2014 UtilityPULSE Survey

Wellington North Power Inc.



**The purpose of this report is to profile the connection
between Wellington North Power and its customers.**

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information that will support discussions about improving customer care at every level in your utility.

The UtilityPULSE Report Card® and survey analysis contained in this report do not merely capture state of mind or perceptions about your customers' needs and wants - the information contained in this survey provides actionable and measurable feedback from your customers.

This is privileged and confidential material and no part may be used outside of Wellington North Power without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

All comments and questions should be addressed to:

Sid Ridgley, UtilityPULSE division, Simul Corporation

Toll free: 1-888-291-7892 or Local: 905-895-7900

Email: sidridgley@utilitypulse.com or sridgley@simulcorp.com



UtilityPULSE

June 2014 ²

Executive summary

Rosemarie LeClair, Chair of the Ontario Energy Board, in a recent presentation (Ontario Energy Network, April 28, 2014) said the OEB's consumer centric regulatory framework defines the utility's obligation for planning, obligations for customer engagement and its responsibilities for monitoring and measuring performance results.

EB-2010-0379 Report of the Board: Scorecard Approach (ROB-SA) (March 5, 2014)

Throughout this report are connections to the OEB's Report of the Board. Where possible we have addressed the specifics in the document and, the "spirit" of the Scorecard Approach.

We believe that the data from interviewing over 10,000 electric utility customers so far, in 2014, supports 3 main conclusions:

- 1- Customers, almost universally, are concerned about the cost of electricity
- 2- Customers are resilient and can adapt to adversity, in fact, they are very tolerant when a utility goes through a very difficult situation
- 3- In a utility world that is used to "pushing information out", it has to invest in and hone its competencies in having 2-way interactions with customers.



Reasonable costs

9,943 Ontario survey respondents were asked if they agree or disagree with the following statement *"The cost of electricity is reasonable when compared to other utilities"*. 50% agree in 2014, and 62% agreed in 2010. Satisfaction with the utility is about the same in those respective years.

We can also say that issues in the electricity industry, as a whole, show that satisfaction ratings and other important measures are lower in 2014 than they were in 2013. A customer may be upset with the amount that electricity costs, or what is going on in the industry, but that may not translate to being upset with their own local utility.

Data from the 2014 survey shows that respondents who give their utilities high marks for respect, trust, and social responsibility also give their utilities high marks for providing high quality services, and better marks for both cost efficiency and reasonableness of costs.

The attributes which help an LDC to be seen as trusted and highly credible are: knowledge, integrity, involvement and trust. On demonstrating Credibility and Trust, Wellington North Power has done well. Overall, Wellington North Power 86% [Ontario 77%; National 80%].



EB-2010-0379 ROB-SA: Comparability

Your 2014 report contains data comparisons to:

- An Ontario-wide LDC benchmark
- A National LDC benchmark
- Previous year's ratings (where available)

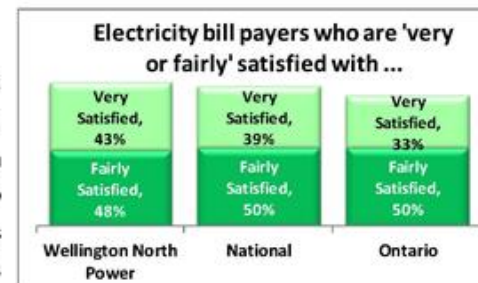
UtilityPULSE

4
June 2014

- Ontario LDCs participating in the 2014 survey
- UtilityPULSE database

EB-2010-0379 ROB-SA: Customer Focus

There are 2 identified Performance Categories in the OEB Report, they are Customer Satisfaction & Service Quality. Performance measurements for these areas range from 'relatively easy to attain production statistics' to 'harder to define and measure qualitative items'. None-the-less this survey provides you with insights about how customers perceive performance of the utility.



Base: total respondents

EB-2010-0379 ROB-SA: Customer Focus - Customer Satisfaction - Satisfaction Survey Results

Customer satisfaction is one of the measures in the consumer centric regulatory framework. This rating is known as an effectiveness rating as it represents a sum total of perceptions and expectations that a customer has about their utility. Those expectations go far beyond "keeping the lights on", "billing me properly", and "restoring power quickly".



UtilityPULSE

5
June 2014

Wellington North Power SATISFACTION SCORES – Electricity customers' satisfaction					
Top 2 Boxes: 'very + fairly satisfied'	2014	2013	2012	2011	2010
PRE: Initial Satisfaction Scores	91%	-	-	-	-
POST: End of Interview	92%	-	-	-	-

Base: total respondents / (-) not a participant of the survey year

- **Satisfaction** happens when utility core services meet or exceed customer's needs, wants, or expectations.
- **Loyalty (Affinity)** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.

Customer Affinity

Loyalty, for private industry, is a behavioural metric. Loyalty, for natural monopolies (like LDCs) is an attitudinal metric.

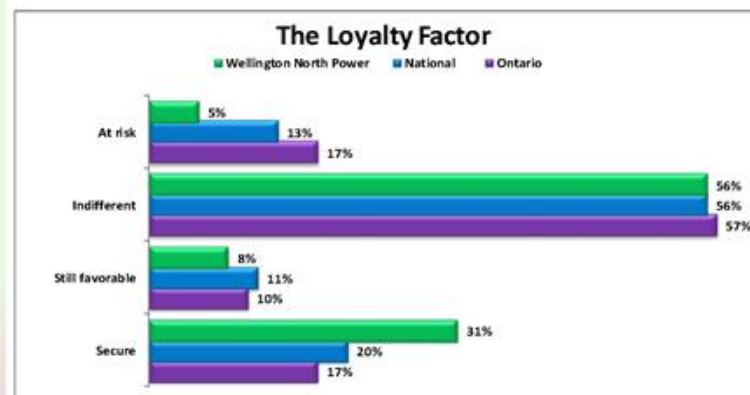
Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
Wellington North Power				
2014	31%	8%	56%	5%

Base: total respondents

Even if customers can't defect, there is enormous value in making more of them loyal. Customers after all make the company's reputation. Reputation is ultimately what customers think – nothing else. To be successful and profitable, companies must take account of how they are perceived because companies do operate in a climate of opinion.



Loyal customers are more likely to see the world the way hydro management sees it. Customers feel their interests and the hydro's are often in common. Our survey results do reveal, loyal customers enhance the value of the utility. One example, 100% of Secure customers agree that overall Wellington North Power 'provides excellent quality services' versus 65% of At Risk customers.



Base: total respondents

Utilities benefit from a trusted relationship with their empowered Customers. Higher levels of trust are the hallmarks of Secure customers. When people interact, either face-to-face, by telephone or on-line, if people do not trust each other, the interaction is not going to be efficient. Trust improves the

UtilityPULSE

7
June 2014

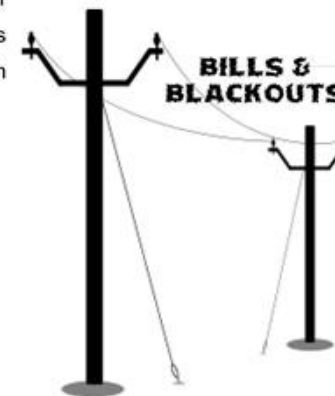
speed at which the interaction can be accomplished. At Risk customers recall experiencing more outages and more billing problems than Secure customers. What makes matters worse is, At Risk customers are about 2X more likely to contact the utility to deal with it. None-the-less problems will happen.

The Killer B's (Blackouts and Bills)

It is inevitable that there will be blackouts/power outages – the key is how a utility anticipates outages and more importantly, how it deals with them. It should also be noted that there is a disconnect between what a utility might call a "billing problem" and what a customer defines as a "billing problem". Though both viewpoints are valid, employees need to be trained to answer those which cause the most concern with customers.

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	Wellington North Power	National	Ontario
2014	25%	47%	49%
2013	-	41%	35%
2012	-	44%	46%
2011	-	43%	43%
2010	-	45%	41%

Base: total respondents / (-) not a participant of the survey year



	Percentage of Respondents indicating that they had a Billing problem in the last 12 months		
	Wellington North Power	National	Ontario
2014	16%	16%	25%
2013	-	8%	10%
2012	-	12%	13%
2011	-	10%	16%
2010	-	10%	12%

Base: total respondents / (-) not a participant of the survey year

What method did you use to contact your electric utility when you had a problem?

Base: data from the full 2014 database



Customers may prefer a particular communication channel today (i.e., 88% telephone), however, that does not mean the customer who prefers the telephone will not want, or eventually want another channel for communications. In addition, there could be variances in preferences based on the type of issue or transaction.

UtilityPULSE

9
June 2014

EB-2010-0379 ROB-SA: Customer Focus – Customer Satisfaction – Billing Accuracy

There is a difference between what a customer believes is a billing problem versus a technical or production level measurement. Without the benefit of production level numbers, 88% of respondents 'agree strongly + somewhat' that the utility has "accurate billing". The Ontario benchmark rating is 77%.

EB-2010-0379 ROB-SA: Customer Focus – Customer Satisfaction – First Contact Resolution

This performance measure is not defined in the EB-2010-0379 ROB-SA March 5, 2014 document. First contact resolution is an outcome base measurement which is affected by: type of problem, competency levels of staff, empowerment levels of staff, and organization culture to name a few.

Your 2014 survey gives you the following information from respondents:

- 1- Satisfaction with the contact experience
- 2- A problem solved rating
- 3- A Customer Experience Performance rating (CEPr)

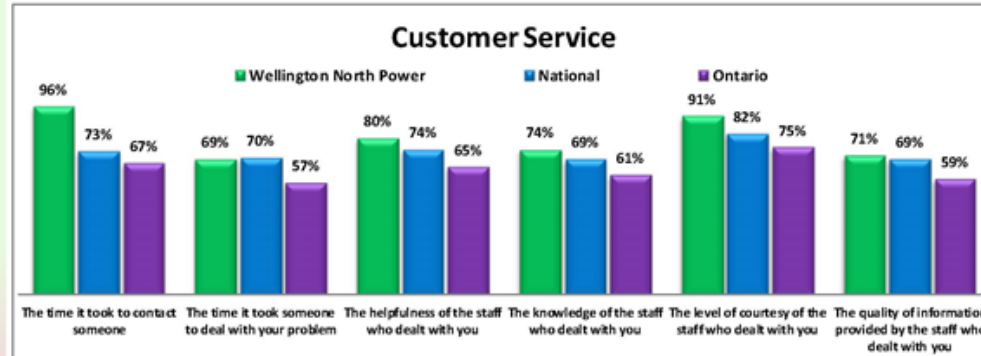


UtilityPULSE

10
June 2014

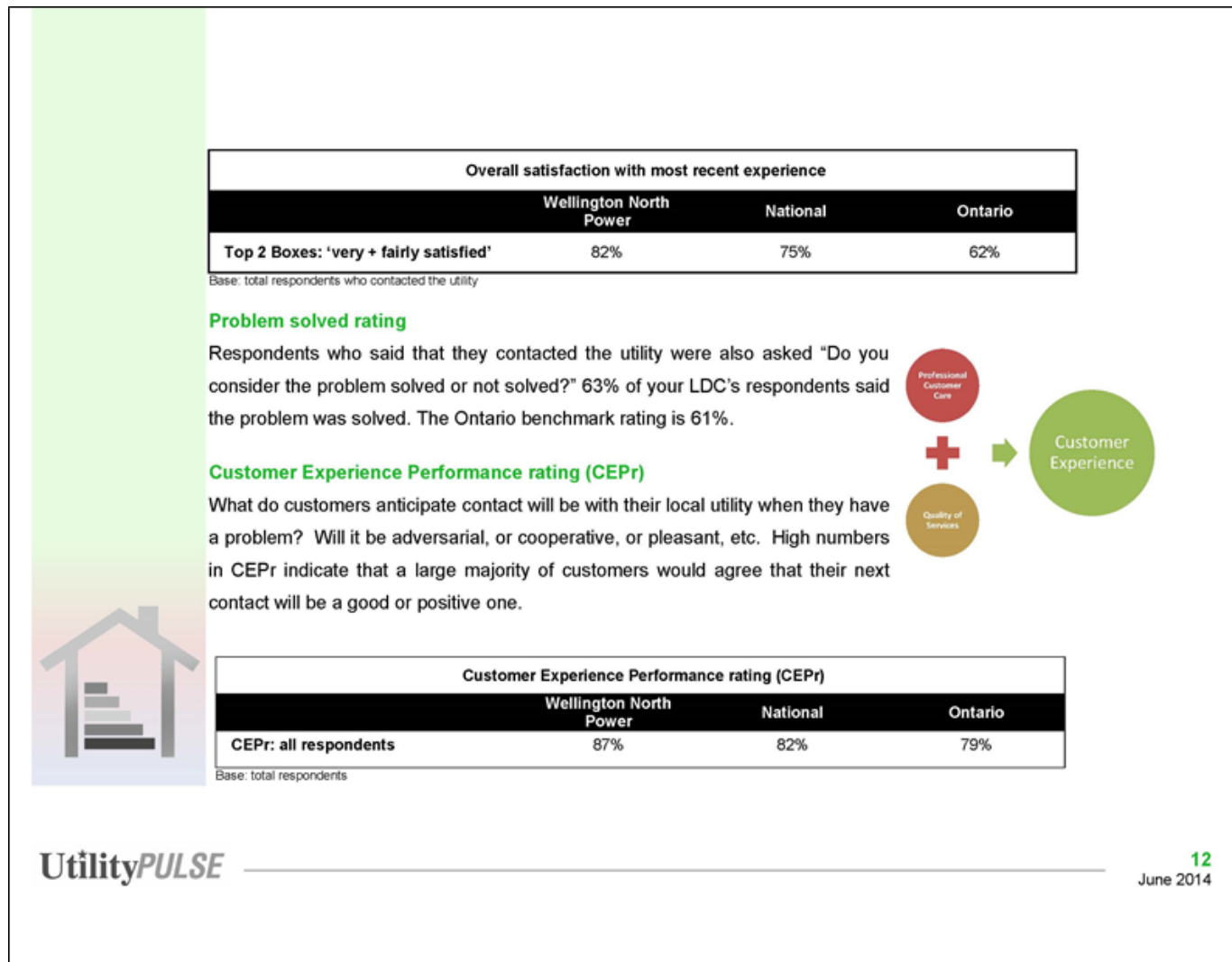
Satisfaction with the contact experience

When there are problems, how they are handled can validate or invalidate a customer's perception about the utility's competency in handling the problem, and in running the operation. Here is how Customers, who contacted your LDC, rated their one-on-one transaction.



Base: total respondents who contacted the utility

Customer expectations are on the rise and continue to change. Customers expect their utility to have customer care practices and services that are in-line with any other organization that is important to their everyday life. Setting realistic expectations and consistently delivering to those expectations are keys to higher levels of Customer satisfaction. The setting of customer expectations is tough, but the harder part is to deliver consistency.



EB-2010-0379 ROB-SA: Customer Focus – Service Quality

The three performance measures identified are all time based measures. They are: New Residential Services Connected on Time; Scheduled Appointments Met on Time; and, Telephone Calls Answered on Time. These are good examples of efficiency measures. In addition to time, there are other dimensions of Service Quality that Customers value.

Customer Service Quality			
Top 2 boxes, 'strongly + somewhat agree'	Wellington North Power	National	Ontario
Deals professionally with customers' problems	90%	82%	78%
Pro-active in communicating changes and issues affecting Customers	84%	74%	73%
Quickly deals with issues that affect customers	87%	79%	74%
Customer-focused and treats customers as if they're valued	86%	74%	72%
Is a company that is 'easy to do business with'	88%	79%	75%
Cost of electricity is reasonable when compared to other utilities	63%	60%	55%
Provides good value for money	75%	67%	63%
Delivers on its service commitments to customers	89%	84%	82%

Base: total respondents with an opinion

UtilityPULSE

13
June 2014

EB-2010-0379 ROB-SA: Operational Effectiveness

With the exception of the Public Safety measure, which is yet to be defined, performance measures would typically take the form of a monitoring and measuring (quantitative) rating. Though customers may not have the benefit of numbers, they do have a perception.

Management Operations			
Top 2 boxes, 'strongly + somewhat agree'	Wellington North Power	National	Ontario
Provides consistent, reliable electricity	93%	89%	86%
Quickly handles outages and restores power	90%	86%	83%
Makes electricity safety a top priority for employees and contractors	90%	89%	87%
Operates a cost effective electricity system	78%	69%	62%
Overall the utility provides excellent quality services	88%	83%	80%

Base: total respondents with an opinion



UtilityPULSE Report Card®

The purpose of the UtilityPULSE Report Card is to provide your utility with a snapshot of performance – it represents the sum total of respondents' ratings on 6 categories of attributes that research has shown are important to customers in influencing satisfaction and affinity levels with their utility.

UtilityPULSE

14
June 2014

Wellington North Power's UtilityPULSE Report Card®				
Performance				
	CATEGORY	Wellington North Power	National	Ontario
1	Customer Care	A	B+	B
	Price and Value	B+	B	C+
	Customer Service	A	B+	B
2	Company Image	A	B+	B+
	Company Leadership	A	B+	B+
	Corporate Stewardship	A	A	B+
3	Management Operations	A	A	A
	Operational Effectiveness	A	A	B+
	Power Quality and Reliability	A+	A	A
OVERALL		A	B+	B+

Base: total respondents

UtilityPULSE

15
June 2014

Corporate Image

Reputation, image, brand have to be actively managed. Positive impressions beget positive perceptions. Marketing communication includes positioning the utility in a way that makes customers want your utility and its services. Every utility has a brand, why not have the brand you want?

Attributes strongly linked to a hydro utility's image			
	Wellington North Power	National	Ontario
Is a respected company in the community	89%	81%	78%
A leader in promoting energy conservation	84%	78%	77%
Keeps its promises to customers and the community	87%	79%	76%
Is a socially responsible company	89%	78%	77%
Is a trusted and trustworthy company	90%	82%	77%
Adapts well to changes in customer expectations	80%	71%	68%
Is 'easy to do business with'	88%	79%	75%
Provides good value for your money	75%	67%	63%
Overall the utility provides excellent quality services	88%	83%	80%
Operates a cost effective hydro-electric system	78%	69%	62%

Base: total respondents with an opinion

Customers, as human beings, are both rational and emotional. The rational side of the customer holds the LDC accountable for doing its job (as contracted), thereby fulfilling the customer's basic needs. The emotional side of the customer is about fulfilling expectations. Meeting rational needs – at best – gets the customer to a neutral state and at worst creates dissatisfaction. Emotional needs, when met, assuming base level rational needs are met, can move a customer from neutral to higher levels of satisfaction. The

UtilityPULSE

16
June 2014

industry is obsessed with rational concerns about customer behaviour, but the real motivation for customer behaviour is emotional, not rational.

What do customers think about electricity costs?

Ask a utility customer – anywhere in the province of Ontario – what do they think about electricity, there is a very high probability they will say electricity costs are too high or too expensive. For customers who said that they had a billing problem in the last 12 months, and stated that the problem was “high bills” or “high rates or charges”, there was very little variability between customers who could be called Secure, Favourable, Indifferent or At Risk. There was also very little variability between age groupings or income groupings.

Our survey database shows 50% more customers in 2014 citing complaints with “high bills” or “high rates or charges” than in 2010. There is a growing concern over electricity costs, especially as it relates to its portion of a household budget. This means the industry needs to monitor “ability to pay”.



Is paying for electricity a worry or major problem ...			
	Wellington North Power	National	Ontario
Not really a worry	59%	69%	59%
Sometimes I worry	29%	20%	26%
Often it is a major problem	8%	7%	11%
Depends	2%	3%	2%

Base: total respondents

UtilityPULSE

17
June 2014

Supplemental Insights

Recognizing that customers' interests and needs continue to shift, we have provided data and insights, on a number of subjects such as e-care, e-billing, conservation and more.

Electric Industry Knowledge & SMART Grid

Beyond knowing that they need electricity to maintain their day to day activities, does the average person feel that they are actually knowledgeable about the electric utility industry?

Knowledge level about the electric utility industry	
	Ontario
Extremely knowledgeable	2%
Very knowledgeable	11%
Moderately knowledgeable	47%
Slightly knowledgeable	26%
Not very knowledgeable	14%
Don't know	1%

Base: total respondents from the Ontario Benchmark survey



Two-thirds (60%) of those polled in the Ontario Benchmark survey considered themselves moderately to extremely knowledgeable about the electric industry.

While it is evident that the SMART grid is still not a much talked about concept, only 34% have a basic or good understanding of what it is, oddly enough, 60% still think that it is important to pursue SMART grid implementation. It is also clear that the majority of respondents are very + somewhat supportive of the utility working with neighbouring utilities on SMART grid initiatives.

Level of knowledge about the SMART Grid	
	Ontario
I have a fairly good understanding of what it is and how it might benefit homes and businesses	9%
I have a basic understanding of what it is and how it might work	25%
I've heard of the term, but don't know much about it	36%
I have not heard of the term	29%
Don't know	1%

Base: total respondents from the Ontario Benchmark survey

Efforts to reduce energy consumption

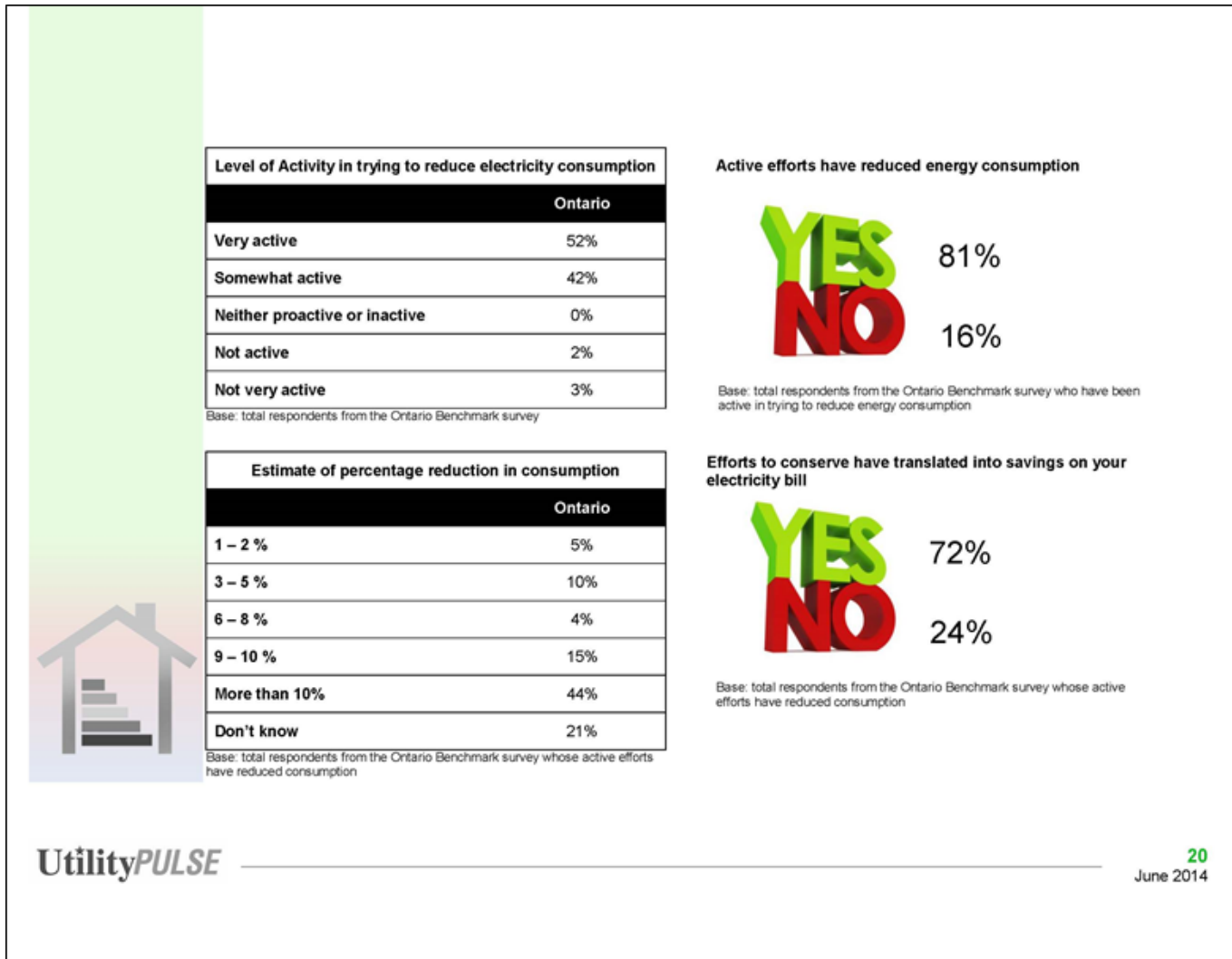
Do customers believe there is a real pay-off for trying to reduce their energy consumption? Does this impact overall efforts to reduce consumption? Respondents were asked *"How active have you been in trying to reduce your electricity consumption?"* (Base: total respondents from the Ontario Benchmark survey)

- 94% feel they are "very + somewhat active" in trying to reduce electricity consumption, and
- 81% of those do believe their efforts have resulted in reduced energy consumption, of which
- 44% estimate that they were able to offset an energy consumption reduction of more than 10%, and
- 72% believe that these efforts translated to savings on their electricity bills.



UtilityPULSE

19
June 2014



Energy Conservation & Efficiency

Energy efficiency can be broken down into two areas: *better use of energy through improved energy-efficient technologies*; and *energy saving through changes in customer awareness and behaviour*.

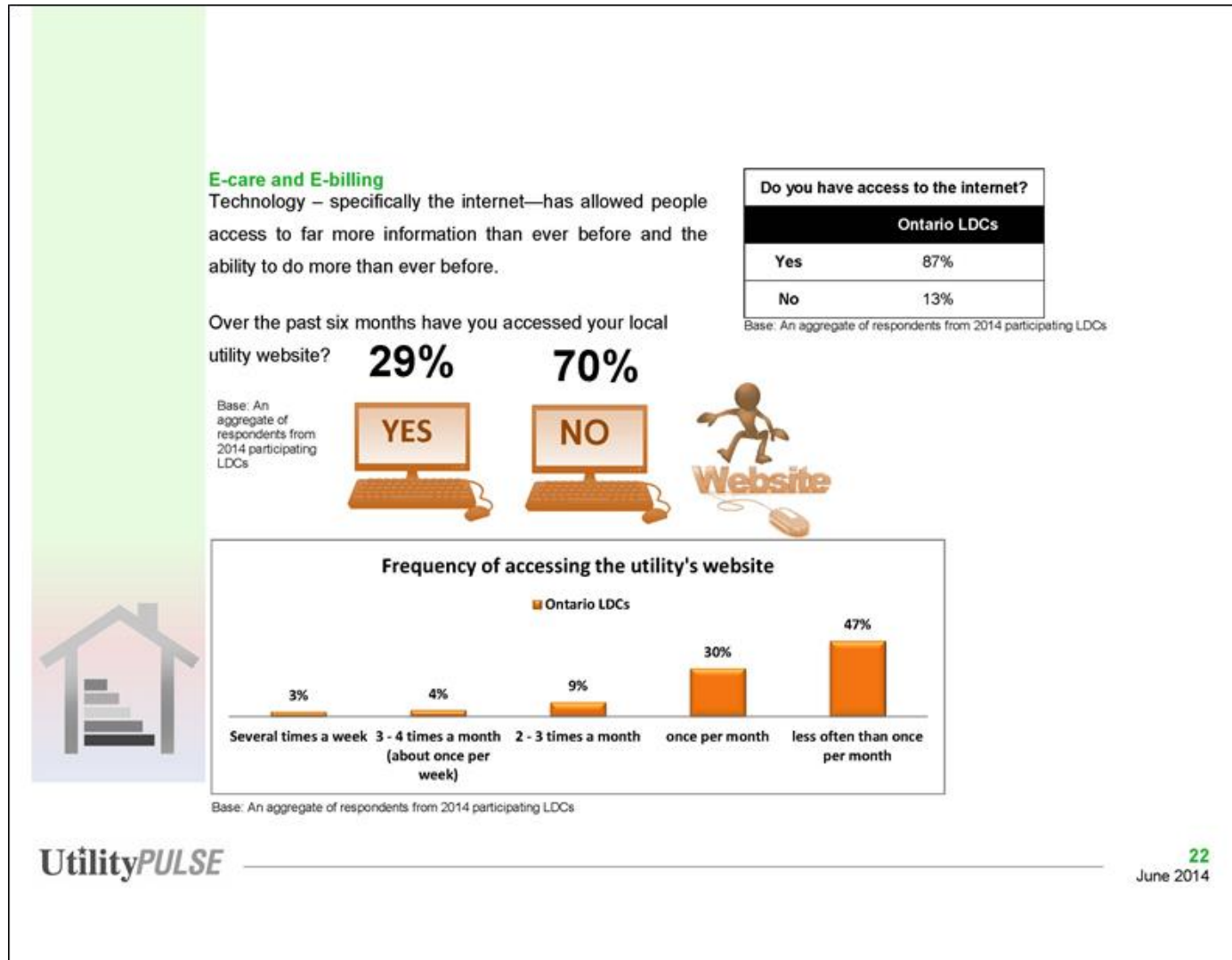


Efforts to conserve energy				
Ontario LDCs	Yes	No	Already Done	Don't Know
Install energy-efficient light bulbs or lighting equipment	19%	9%	70%	1%
Install timers on lights or equipment	12%	50%	35%	2%
Shift use of electricity to lower cost periods	22%	17%	58%	3%
Install window blinds or awnings	12%	27%	60%	2%
Install a programmable thermostat	13%	25%	60%	2%
Have an energy expert conduct an energy audit	9%	71%	16%	4%
Removing old refrigerator or freezer for free	14%	44%	38%	4%
Join the peaksaverPLUS™ program	15%	49%	21%	16%
Replacing furnace with a high efficiency model	12%	33%	52%	4%
Replacing air-conditioner with a high efficiency model	14%	38%	44%	4%
Use a coupon to purchase qualified energy saving products	35%	39%	22%	5%

Base: An aggregate of respondents from 2014 participating LDCs

UtilityPULSE

21
June 2014



1

2

Likelihood of using the internet for future customer care needs for things such as:	
Top 2 Boxes: 'very + somewhat likely'	Ontario LDCs
Setting up a new account	31%
Arranging a move	38%
Accessing information about your bill	55%
Accessing information about your electricity usage	54%
Accessing energy saving tips and advice	45%
Accessing information about Time Of Use rates	51%
Maintaining information about your account or preferences	51%
Paying your bill through the utility's website	32%
Getting information about power outages	47%
Arranging for service	40%

Base: An aggregate of respondents from 2014 participating LDCs



As society becomes increasingly more familiar with technology it will become a more popular medium for giving and receiving information. One could also say, demographics will also put more pressure on the technology channels. Unfortunately, customers adopt technology on their own timetable. This causes the utility to continue to improve existing channels while building the technological channels wanted by some today, but by the year 2020, demanded by many. Will your utility be ready?











UtilityPULSE

23
June 2014

Communications Strategy

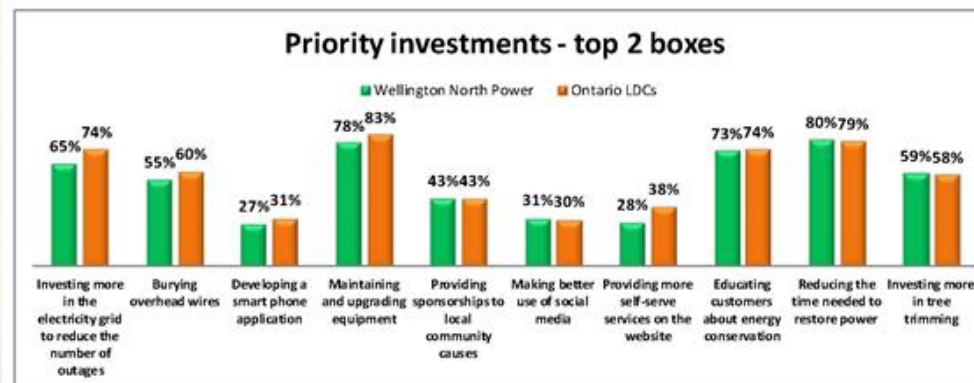
Although technology is changing the way customers engage with all types of service providers including their electric utility, our survey indicates that personal interaction is still highly regarded. The complex nature of the electric industry and customers' need to be kept informed mean that some level of personal interaction will remain an important component of overall channel strategy. The need for clarity and transparency is also driven by regulators protecting consumer interests more than ever before.

Importance of modes of communication for communicating Wellington North Power's operational plans							
							
Telephone	Bill insert	Newspaper	Company newsletter	Utility's website	Townhall meetings	Visit the office	Social media
82%	76%	70%	61%	61%	56%	56%	53%

Base: total respondents: Top 2 boxes: 'Very important + somewhat important'

Priority Investments

While regulation and reliability are top concerns in the utility industry, aging infrastructure is now a top operational concern. Customers agree with industry insiders that infrastructure renewal is a high priority. This year, respondents were asked for their views about prioritizing investments.



Base: An aggregate of respondents from 2014 participating LDCs / total respondents from local utility

Some findings shown above correlate with some of the suggestions made by respondents on things the utility could do to improve. Percentage of comments received from all Ontario respondents were:

- 14% improve reliability (10% in 2010)
- 11% better maintenance (3% in 2010)

UtilityPULSE

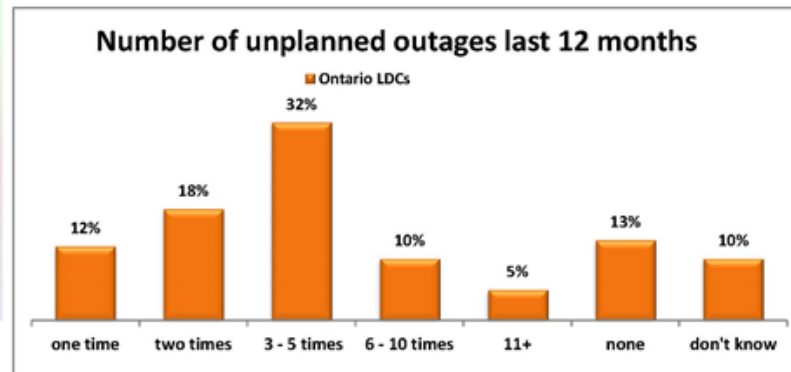
25
June 2014

- 10% better communication (7% in 2010)

Outage Management

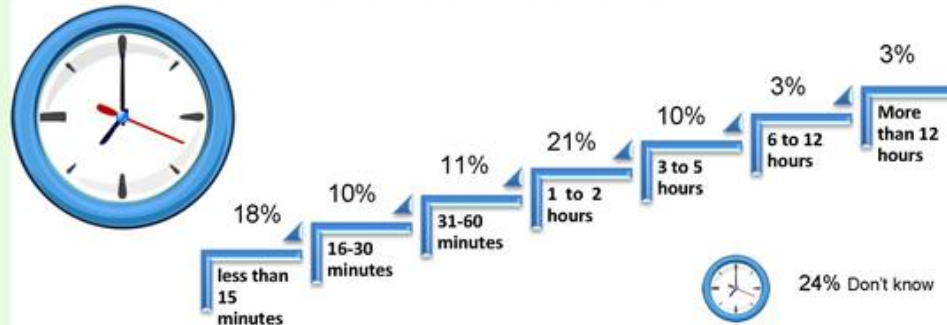
Whether an outage is planned or unplanned, the reality is that it is going to cause disruption and inconvenience under best case scenario and under worst case scenarios there could be safety and financial consequences.

However, one thing for certain, no matter what the scenario happens to be, customers are expecting their utility to keep them continually updated on the status of outages. Most importantly, and top priority, is to know the estimated restoration time. They also want to know the cause of the outage because they do not want to be a frequent outage customer.



Base: An aggregate of respondents from 2014 participating LDCs

When an unplanned outage occurs, how long, on average, is the outage?



Base: An aggregate of respondents from 2014 participating LDCs



How a utility chooses to handle, manage and communicate with customers during an outage situation does affect customers' satisfaction with their utility. Customers want timely, accurate and relevant information about an outage and customers expect a utility to use various communication channels to ensure their message is getting out there. This means not only obtaining information via the call centre and IVR but customers have increasing expectations for proactive two-way communication through social media, utility websites and modern communication devices (e.g. tablets, smartphones) and apps.

UtilityPULSE

27
June 2014

Inability to provide the above information accurately and in a timely manner will result in customer complaints, increased call volumes to your call centres, create unwanted public and media attention, and negatively impact customer satisfaction.

Utility's effectiveness during an unplanned outage		
Top 2 Boxes: 'very + somewhat effective'	Ontario LDCs	Wellington North Power
Responding to questions	61%	72%
Providing a reason for the outage	61%	71%
Providing an estimate when power will be restored	60%	72%
Responding to the power outage	81%	88%
Restoring power quickly	85%	91%
Communicating updates periodically	64%	71%
Posting information to the website	35%	35%
Using media channels for providing updates	53%	52%

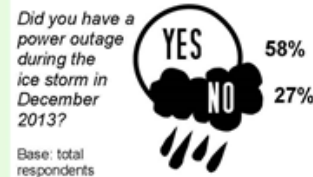
Base: An aggregate of respondents from 2014 participating LDCs / total respondents from local utility

On December 20, 2013, a severe ice storm struck the central and eastern portions of Canada and the northeastern United States. The storm's devastation caused major damage to utility distribution lines, towers, transformers, poles and entire substations and resulted in large scale outages and blackouts

UtilityPULSE

28
June 2014

for long periods of time. The data suggests that customers are both tolerant and understanding when major outages take place.



Percentage of Respondents who contacted their utility about the ice storm power outage	
Wellington North Power	
Yes	13%
No	84%

Base: total respondents affected by the ice storm

Wellington North Power Length of outage (during Ice Storm 2013)							
Less than 2 hours	2 – 4 hours	4+ hours or ½ day	12-18 hours or ½ - ¾ day	19-24 hours or 1 day	1 to 1.5 days	1.6 to 2 days	More than 2 days
11%	20%	19%	9%	6%	10%	4%	1%

Base: total respondents affected by the ice storm

Using social media and multi-channel communication modes still appear to be the exception when it comes to customers contacting their utilities. Results from this year's survey indicate that the telephone is still the most used and the preferred method of contact. Overall, 87% of all Ontario respondents affected by the ice storm who informed their local utility they were experiencing a power outage did so via telephone; 93% of Wellington North Power respondents used the telephone, 3% the utility's website and 3% did not recall.

UtilityPULSE



29
June 2014

In your view, what is an acceptable period of time to go without electricity in situations like the ice storm?



Base: total respondents affected by the ice storm

•None (the power shouldn't be going out)	2%
•Less than 2 hours	3%
•2 - 4 hours	16%
•4+ hours or 1/2 day	15%
•12 - 18 hours or 1/2 day to 3/4 day	9%
•19 - 24 hours or 1 day	14%
•1 to 1.5 days	6%
•1.5 to 2 days	8%
•More than 2 days	10%

Safety and Reliability

Wellington North respondents were asked if they agree that **"Wellington North Power's current strategy for ensuring public safety and reliability in delivering electricity meets your expectations..."**



87% of respondents agreed ('agree strongly + agree somewhat') with the statement.



UtilityPULSE

30
June 2014

Customer Centric Engagement Index (CCEI)

The EB-2010-0379 ROB-SA report includes the following: "better engage with their customers to better understand and respond to their needs..." Conducting surveys (like this one), holding town hall meetings, focus groups, etc. are examples of engaging your customers. We call this an activity based definition of engagement. Asking 100 people to complete a survey is an engagement activity. This survey also provides you with an emotional look at engagement.



The CCEI index is a gauge of the amount of goodwill that has been generated. High numbers in CCEI suggests that there is a high level of goodwill amongst your customers – this is important for two reasons. First when something goes awry for the utility, goodwill helps the utility to be resilient. Second, goodwill encourages active participation in requests to participate in engagement activities or program offerings from the utility.



Utility Customer Centric Engagement Index (CCEI)			
	Wellington North Power	National	Ontario
CCEI	84%	79%	76%

Base: total respondents

Good research leads to good ideas – good ideas lead to smart strategies. Reasons to conduct Customer Satisfaction Surveys include:

- demonstrating commitment to listen to the customer
- improve operations
- reduce cost of operations
- improve quality of service
- improve customer satisfaction and loyalty
- learn about areas that need to be improved, and many more.

It bears repeating that the reality is that policies and processes don't create higher levels of satisfaction, it is the people behind them that do. As we all know there is a huge difference in the delivery of a service or in the process of resolving a problem between a committed and enthusiastic employee and one that is going through the motions. Pay attention to your Corporate culture especially as it relates to Customer Satisfaction. There will always be a corporate culture, why not develop and maintain the culture that you want?

In a world of chaos and confusion what will a customer do? Find someone to help. In the electricity industry, the vast majority of customers turn to, and rely on, their local utility. Knowing that customers will turn to their electric utility requires utilities to really know their customers. Not easy when customer expectations continue to shift.

The shift is on. 15 years ago a utility could think about their customers in terms of usage, now they have to think about them in terms of personas (i.e., customer type). Currently, customer segmentation, for most utilities, consists of a number of "personas". While this may be adequate



UtilityPULSE

32
June 2014

today, in order to achieve high customer participation in programs and to optimize business processes there will be a need for granular targeting of communications.

Most utilities are quite comfortable "pushing" out communications in a one-way world. However, the shift is on because the new channels are 2-way; even without the new channels customers are expecting 2-way dialogue. The impact on a utility's marketing-communications is significant.

Value is what a customer perceives they get in exchange for what they give up. The real challenge is educating customers on the value they receive. In the absence of a value proposition the primary thing people will talk about is cost.

We recommend having meaningful two-way dialogue with employees (and others) to leverage the results from your 2014 customer satisfaction survey derived from speaking with 366 Wellington North Power customers [April 24 - June 23, 2014]. The electric utility business has demanding customers with high expectations.



UtilityPULSE

Sid Ridgley

Simul/UtilityPULSE

Email: sidridgley@utilitypulse.com or sridgley@simulcorp.com

June, 2014

UtilityPULSE

33
June 2014



Good things happen when work places work. You'll receive both strategic and pragmatic guidance about how to improve Customer satisfaction & Employee engagement with leaders that lead and a front-line that is inspired. We provide: training, consulting, surveys, diagnostic tools and keynotes. The electric utility industry is a market segment that we specialize in. We've done work for the Ontario Electrical League, the Ontario Energy Network, and both large and small utilities. For sixteen years we have been talking to 1000's of utility customers in Ontario and across Canada and we have expertise that is beneficial to every utility.

**Culture, Leadership & Performance –
Organizational Development**

Leadership development

Strategic Planning

Teambuilding

Organizational Culture Transformation

**Focus Groups, Surveys, Polls,
Diagnostics**

Diagnostics ie. Change Readiness, Leadership
Effectiveness, Managerial Competencies

Surveys & Polls

Customer Satisfaction and Loyalty
Benchmarking Surveys

Organization Culture Surveys

Customer Service Excellence

Service Excellence Leadership

Telephone Skills

Customer Care

Dealing with
Difficult Customers

Benefit from our expertise in Customer Satisfaction, Leadership development, Strategy development or review, and Front-line & Top-line driven-change. We're experts in helping you assess and then transform your organization's culture to one where achieving goals while creating higher levels of customer satisfaction is important. Call us when creating an organization where more employees satisfy more customers more often, is important.

Your personal contact is:

Sid Ridgley, CSP, MBA

Phone: (905) 895-7900 Fax: (905) 895-7970 E-mail: sidridgley@utilitypulse.com or sridgley@simulcorp.com

Appendix 1B – 2012 WNP's Audited Financial Statement

Wellington North Power Inc.
Financial Statements
For the year ended December 31, 2012

1

**Wellington North Power Inc.
Financial Statements
For the year ended December 31, 2012**

	<u>Contents</u>
Independent Auditor's Report	2
Financial Statements	
Balance Sheet	4
Statement of Retained Earnings	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 24

2
3

1



Tel: 519 941 0681
Fax: 519 941 8272
www.bdo.ca

BDO Canada LLP
77 Broadway
Orangeville ON L9W 1K1 Canada

Independent Auditor's Report

To the Shareholders of Wellington North Power Inc.

We have audited the accompanying financial statements of Wellington North Power Inc., which comprise the balance sheet as at December 31, 2012, and the statement of operations, statement of retained earnings and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wellington North Power Inc. as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

2
3

1

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 19 to the financial statements, which explains that the financial statements for the year ended December 31, 2012 have been amended for a correction of an error from those on which we originally reported on April 26, 2013.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario

April 26, 2013, except as to Note 6, 7, 15 and 19 which are as of June 19, 2013

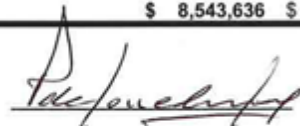
2
3

1

Wellington North Power Inc. Balance Sheet		
December 31st	2012	2011
		(Restated) (Note 17)
Assets		
Current		
Cash	\$ -	\$ 290,532
Accounts receivable (Note 15)	2,380,135	2,032,645
Inventory	85,382	99,953
Payments in lieu of income taxes recoverable	12,510	57,653
Prepaid expenses	59,441	70,081
	<u>2,537,468</u>	<u>2,550,864</u>
Capital assets (Note 2)	5,540,248	4,825,185
Other assets (Note 3)	2,145	2,145
Regulatory assets (Note 4)	223,775	1,025,344
Future income taxes (Note 13)	240,000	247,000
	<u>\$ 8,543,636</u>	<u>\$ 8,650,538</u>
Liabilities and Shareholders' Equity		
Current		
Bank indebtedness (Note 5)	\$ 101,892	\$ -
Accounts payable and accrued liabilities	2,095,627	2,081,458
Current portion of notes payable (Note 6)	61,865	59,195
Current portion of customer deposits	25,000	25,000
	<u>2,284,384</u>	<u>2,165,653</u>
Notes payable (Note 6)	2,030,612	2,092,477
Other liabilities (Note 7)	157,369	115,663
Customer deposits	242,912	256,157
Regulatory liabilities (Note 4)	1,089,472	1,314,874
Post-employment benefits (Note 4)	124,921	112,351
	<u>5,929,670</u>	<u>6,057,175</u>
Shareholders' equity		
Share capital (Note 8)	1,634,404	1,634,404
Retained earnings (Page 4)	979,562	958,959
	<u>2,613,966</u>	<u>2,593,363</u>
	<u>\$ 8,543,636</u>	<u>\$ 8,650,538</u>

On Behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

2
3

1

**Wellington North Power Inc.
Statement of Retained Earnings**

<u>For the year ended December 31</u>	<u>2012</u>	<u>2011</u>
		(Restated) (Note 17)
Retained earnings, beginning of the year	\$ 958,959	\$ 1,011,128
Prior period adjustment (Note 17)	-	38,020
Retained earnings, as restated	958,959	1,049,148
Net income (loss) for the year	20,603	(90,189)
Retained earnings, end of the year	\$ 979,562	\$ 958,959

The accompanying notes are an integral part of these financial statements.

5

2
3

1

Wellington North Power Inc.		
Statement of Operations		
For the year ended December 31	2012	2011
Service revenue	\$ 9,393,450	\$ 8,972,828
Cost of power	9,393,450	8,972,828
	-	-
Distribution services	2,255,551	1,820,021
Other operating revenue	142,877	141,754
	2,398,428	1,961,775
Operating expenses		
Operations and maintenance	588,654	530,456
Billing and collections	359,586	375,729
Administration and general	659,195	648,001
Amortization	621,934	407,242
Interest expense	133,650	123,852
Property taxes	14,806	12,204
	2,377,825	2,097,484
Net income (loss) before payments in lieu of income taxes	20,603	(135,709)
Recovery in lieu of income taxes (Note 13)	-	(45,520)
Net income (loss) for the year	\$ 20,603	\$ (90,189)

The accompanying notes are an integral part of these financial statements.

2
3

1

Wellington North Power Inc.		
Statement of Cash Flows		
For the year ended December 31	2012	2011
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	\$ 20,603	\$ (90,189)
Items not involving cash		
Amortization of capital assets	400,579	478,915
Increase in post-employment benefits	12,570	9,029
Loss (gain) on disposal of capital assets	2,237	-
	<u>435,989</u>	<u>397,755</u>
Changes in non-cash working capital balances		
Accounts receivable	(347,490)	(145,573)
Inventory	14,571	-
Prepaid expenses	10,640	(64,725)
Accounts payable and accrued liabilities	14,169	(68,051)
Payments in lieu of income taxes receivable or payable	45,143	(12,086)
	<u>173,022</u>	<u>107,320</u>
Change in customer deposits	<u>(13,245)</u>	<u>(54,430)</u>
	<u>159,777</u>	<u>52,890</u>
Investing activities		
Purchase of capital assets	(562,905)	(576,440)
Net change in regulatory assets and liabilities	16,502	(59,261)
Net change in future income taxes	7,000	(17,000)
Net change in other liabilities	41,706	115,663
	<u>(497,697)</u>	<u>(537,038)</u>
Financing activities		
Reduction in capital lease obligation	-	-
Repayment of long term debt	(59,195)	(133,313)
Proceeds from long term debt	-	323,847
Capital contributions received	4,691	-
	<u>(54,504)</u>	<u>190,534</u>
Decrease in cash during the year	(392,424)	(293,614)
Cash, beginning of the year	290,532	584,146
Cash (bank indebtedness), end of the year	\$ (101,892)	\$ 290,532

The accompanying notes are an integral part of these financial statements.

7

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

1. Summary of Significant Accounting Policies

Nature of Business	Wellington North Power Inc. (the "company") was incorporated under the Business Corporations Act (Ontario) on May 26, 2000 and is engaged in the distribution of electricity and associated business activities. The company is licensed by the Ontario Energy Board (OEB) to supply electricity to customers as described in the Transitional Distribution License and thereafter by the Distribution License issued to the company by the OEB. Additionally there are requirements imposed on the company by various codes referred to in the License and by the Electricity Act and the Ontario Energy Board Act. The company is limited to operate within their Licensed Territory as defined in the Distribution License.
Basis of Presentation	The financial statements have been prepared in accordance with accounting principles for electrical utilities in Ontario as required by the Ontario Energy Board under the authority of Sections 57, 70(2) and 78 of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the "Accounting Procedures Handbook for Utilities in Ontario". All principles employed are in accordance with Canadian generally accepted accounting principles.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are primarily related to the determination of an allowance for doubtful accounts.
Regulation and Rate Setting	<p>The company is required to follow regulations as set by the OEB. The OEB approves and sets rates for the distribution of electricity, ensures distribution companies fulfill their obligations to connect and service customers, and has the authority to provide rate protection for certain electricity customers.</p> <p>The OEB sets rates on an annual basis with rates becoming effective on May 1st through April 30th of the following year. The regulation and monitoring of Ontario's Energy Sector is completed by the OEB through application of codes, rules and guidelines, the licensing of market participants, assisting firms with the management of regulatory requirements, monitoring and enforcing compliance and adjudication.</p>

2
3

1

Wellington North Power Inc. Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost. Amortization is provided for on a straight-line basis using the following rates:

Buildings	15-60 years
Distribution stations	20-55 years
Distribution lines	45-65 years
Distribution transformers	40 years
Distribution meters	5-30 years
Distribution services	40-60 years
Other capital assets	5-10 years

During the year, the company elected to account for capital assets based on a depreciation study commissioned by the Ontario Energy Board to assist distributors in their eventual transition to IFRS. Depreciation rates were adjusted to be in line with the new depreciation expense and capitalization policies.

Regulatory Assets (Liabilities)

Regulatory assets (liabilities) represent costs (receipts) that have been deferred according to OEB regulatory guidelines. Regulatory assets (liabilities) are reflected on the balance sheet until the manner and timing of disposition is determined by the OEB.

Effective January 1, 2009, the company adopted amended standards. The new standards require the recognition of future income tax assets and liabilities in accordance with Handbook Section 3465 as well as a separate regulatory asset or liability balance for the amount of future income taxes expected to be included in future rates and recovered from or paid to customers, and retain existing requirements to disclose the effect of rate regulation.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills. The customer deposits liability includes interest credited to customers' deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

Employee Future Benefits

Employee future benefits other than pension provided by the company includes life insurance. This plan provides benefits to employees when they are no longer providing active service.

Employee future benefits expense is recognized in the period in which employees render services on an accrued basis. The accrued benefit obligations and current service costs are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates.

2
3

1

Wellington North Power Inc.
Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

Pension Plan

The company provides a pension plan for its full-time employees through Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer, contributory, defined benefit pension plan. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The company recognizes the expense related to this plan as contributions are made.

Revenue Recognition

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

**Payments in Lieu of
Income Taxes**

Under the Electricity Act, the company is required to make Payments in Lieu of Corporate Taxes (PILs) to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario) as modified by regulations made under the Electricity Act and related regulations. This effectively results in the company paying taxes similar to what would be imposed under the Federal and Ontario Tax Acts.

In computing its income for PILs purposes, the company recognizes regulatory assets and liabilities representing deferral of costs and revenues that are anticipated to be recovered through future tax rate increases to be approved by the OEB.

The company follows the liability method of accounting for income taxes. Under this method, future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Future income tax liabilities and assets are measured using substantively enacted tax rates.

2
3

1

Wellington North Power Inc.
Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

On initial recognition, all financial instruments that meet the definition of a financial asset or financial liability are recorded at fair value, unless fair value cannot be reliably determined. Subsequent measurement depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables" or "other financial liabilities". The company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities.

Cash and other assets are classified as "held-for-trading" and are measured at fair value.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts of accounts receivable approximate their fair value due to their relatively short periods to maturity.

Bank indebtedness and accounts payable and accrued liabilities are classified as "other financial liabilities" and are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amount of these instruments approximates their fair value due to their relatively short periods to maturity.

Customer deposits and other liabilities are classified as "other financial liabilities" and are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts approximate fair value because of the short maturity of the current portion, and the discounted long-term portion approximates the carrying value, taking into account interest accrued on the outstanding balance.

Notes payable are classified as "other financial liabilities" and are initially measured at fair value. Subsequent measurements are recorded at amortized cost, based on an initial fair value as determined at the time using quoted market price for similar debt instruments. The carrying amount of notes payable approximates fair value.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

**New Accounting
Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

International Financial Reporting Standards (IFRS)

On February 13, 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP, with the remaining standards to be adopted at the change over date.

On September 10, 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. This decision came in light of the uncertainty created by the International Accounting Standards Board (IASB) in regard to the rate-regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS. Subsequently, the Canadian Securities Administrators announced that entities subject to rate regulation may defer the adoption of IFRS for up to one year, consistent with the one year deferral granted by the AcSB.

In March 2012 and February 2013, the AcSB decided to extend the deferral of the mandatory IFRS changeover date for rate regulated entities. The changeover date is now January 1, 2015 and the company has decided to defer adoption of IFRS to 2015.

Given the continued uncertainty around the timing, scope and eventual adoption of a rate-regulated accounting (RRA) standard under IFRS and the potential material impact of RRA on the company's financial statements, the company has decided to elect the optional deferral of its adoption of IFRS. Accordingly, the company will continue to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook.

As a result of these developments related to RRA under IFRS and the uncertainty regarding the impact of IFRS on the OEB electricity distribution rates application process, the company cannot reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations.

The company will continue to actively monitor IASB developments with respect to RRA and non-RRA IFRS developments and their potential impacts.

12

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

2. Capital Assets

	2012		2011	
			(Restated) (Note 18)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 50,459	\$ -	\$ 48,809	\$ -
Buildings	501,443	197,826	444,880	186,962
Distribution stations	1,019,423	652,976	1,009,858	638,316
Distribution lines - overhead	4,815,212	2,498,777	4,608,805	2,477,710
Distribution lines - underground	628,438	299,588	606,173	289,933
Distribution transformers	1,270,606	420,529	1,182,942	408,312
Distribution meters	915,897	252,099	712,463	399,033
Distribution services	568,415	420,715	547,966	424,585
Other capital assets	2,597,307	1,764,306	2,305,070	1,472,674
Contributions and grants	(395,349)	(63,486)	(390,658)	(46,402)
Construction work in progress	11,727	-	-	-
	\$ 11,983,578	\$ 6,443,330	\$ 11,076,308	\$ 6,251,123
Net book value		\$ 5,540,248		\$ 4,825,185

As at December 31, 2012, the net book value of stranded meters related to the deployment of smart meters amounts to \$0 (2011 - \$201,233). In the absence of rate regulation, capital assets would have been \$0 lower as at December 31, 2012 (2011 - \$201,233).

As at December 31, 2012, work in progress - equipment of \$11,727 was not being amortized as it was not yet in use.

3. Other Assets

	2012	2011
2,145.28 preferred payment shares of Utilismart Corporation	\$ 2,145	\$ 2,145

The carrying value of these shares approximates their fair value.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

4. Regulatory Assets (Liabilities)

	2012	2011
Regulatory assets		
Retail cost variance accounts	\$ -	\$ 128,130
Other deferred costs	43,338	58,357
Smart meters and stranded meters	180,437	838,857
Special purpose charge variance	-	-
	<u>\$ 223,775</u>	<u>\$ 1,025,344</u>
Regulatory liabilities		
Retail settlement variance accounts	\$ (210,516)	\$ (488,435)
Retail cost variance accounts	(30,034)	-
Low voltage variance	(40,445)	(157,520)
Regulatory assets recovery account	(568,463)	(420,676)
Special purpose charge variance	(14)	(1,243)
Future income taxes	(240,000)	(247,000)
	<u>\$ (1,089,472)</u>	<u>\$ (1,314,874)</u>

(a) Smart Meters and Stranded Meters

Smart meters

The smart meter regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2010. During 2006 the OEB developed recommendations on smart meters with regard to cost recovery during the phase-in period of this equipment. The OEB stated that given the increased need for electricity and the importance of conservation, specific funding for smart meters could be included in the 2006 rates for all Local Distribution Companies (LDC's). Variance accounts were established to track revenues collected with respect to smart meters and associated costs of the initiatives. The majority of the installation of all smart meters within its service territory was completed in 2010. The OEB approved the request to add a rate rider of \$2.50 (\$1.00 prior to May 1, 2011) per customer per month to fund Smart Meter activities until April 30, 2012.

On September 20, 2012 the company obtained approval from the OEB for the final disposition and recovery of costs related to the smart meter deployment, offset by smart meters funding adder (SMFA) revenues collected from May 1, 2006 to April 30, 2012. As a direct result of this approval the following occurred:

Smart meters with a cost of \$1,001,198 net of accumulated amortization of \$149,763 as at December 31, 2011 were transferred from regulatory assets to capital assets.

Smart meters customer revenues which had been deferred from May 1, 2006 to April 30, 2012 of \$281,316 were transferred from regulatory assets and recognized as service revenue for the year ended December 31, 2012.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

4. Regulatory Assets (Liabilities) (continued)

Smart meter operating expenses which had been deferred from May 1, 2006 to April 30, 2012 of \$105,542 were transferred from regulatory assets and were recognized as expenses for the year ended December 31, 2012.

Smart meter amortization expenses which had been deferred from May 1, 2006 to December 31, 2011 of \$149,763 were transferred from regulatory assets and recognized as amortization expense for the year ended December 31, 2012.

Stranded meters

On September 20, 2012 the company obtained approval from the OEB to continue to use the established smart meter regulatory asset account to track the remaining cost of the stranded meters related to the deployment of smart meters which were formerly included in capital assets (Note 2). As a direct result of this approval the following has occurred:

Stranded meters with a cost of \$510,743 net of accumulated amortization of \$309,510 were transferred from capital assets to regulatory assets. In the absence of rate regulation, these stranded meters would have previously been expensed.

(b) Regulatory Assets Recovery Account

The regulatory assets recovery account (RARA) consists of balances of regulatory assets or regulatory liabilities approved for disposition by the OEB through rate riders. The RARA is subject to carrying charges following the OEB prescribed methodology and related rates.

In 2010, the OEB approved the disposition of net regulatory liabilities of \$706,974 over the four-year period ending April 30, 2014.

In 2012, the OEB approved the dispositions of net regulatory liabilities of \$366,676 over a two year period ending April 30, 2014.

(c) Future Income Taxes

This regulatory liability account relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

The company accounts for the differences between its financial statement carrying value and tax basis of assets and liabilities following the liability method in accordance with CICA Handbook Section 3465.

(d) Retail Settlement Variance Accounts and Low Voltage Variance

These accounts are comprised of the variances between amounts charged by the company to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the company after May 1, 2002. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment. Accordingly, the company has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB in the AP Handbook.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

4. Regulatory Assets (Liabilities) (continued)

(e) Retail Cost Variance Accounts

These accounts are comprised of the billing, collection and administrative expenses related to the maintenance of retailer customer accounts offset by recoveries approved by the OEB to date.

5. Bank Indebtedness

The company has an available operating line of credit, to a maximum amount of \$500,000, at bank prime rate. The balance utilized at December 31, 2012 was \$NIL (2011 - \$NIL). The following has been provided as security: a General Security Agreement representing a first charge on all assets and undertaking and an assignment of liability insurance to cover the letter of credit described in Note 10.

Under the terms of the operating line, the company must satisfy certain restrictive covenants such as maintaining a minimum interest coverage ratio and a maximum total interest bearing debt to capitalization ratio.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

6. Notes Payable

	<u>2012</u>	<u>2011</u>
Township of Wellington North, promissory note, interest only at 4.41%, payable quarterly in arrears	\$ 985,015	\$ 985,015
Infrastructure Ontario, loan payable, interest at 4.42%, payable in monthly instalments, due 2028, secured by a General Security Agreement	<u>1,107,462</u>	<u>1,166,657</u>
	<u>2,092,477</u>	<u>2,151,672</u>
Less amounts due within one year	<u>61,865</u>	<u>59,195</u>
	<u>\$ 2,030,612</u>	<u>\$ 2,092,477</u>

On June 3, 2013, the Council of the Township of Wellington North passed a resolution to defer all future principal payments on the existing promissory note and that interest will continue to be payable at 4.41%.

Under the terms of the Infrastructure Ontario loan, the company must satisfy certain restrictive covenants such as maintaining a minimum debt service coverage ratio, a minimum current ratio, and a maximum debt to capital ratio. The company was in compliance with the minimum current ratio covenant as at December 31, 2012.

Included on the Statement of Operations is interest on long-term debt of \$98,347 (2011 - \$104,508). Principal payments scheduled to be paid on long-term debt for the next five years and thereafter are as follows:

2013	\$ 61,865
2014	64,655
2015	67,571
2016	70,619
2017 and thereafter	1,827,767

2
3

1

Wellington North Power Inc.
Notes to Financial Statements

December 31, 2012

7. Other Liabilities

In support of the Ontario Government mandate to promote Conservation and Demand Management (C&DM) initiatives from January 1, 2011 to December 31, 2015, the Ontario Power Authority (OPA) provides funding through the Program Administration Budget (PAB) to all electricity distribution companies. This funding is provided twice a year (January and July) for the duration of the program and is reported as other liabilities (non-current) on the financial statements. The OPA requires an annual reconciliation between the funds received and disbursements by the electricity distribution companies. It is expected that all balances will be settled with the OPA at the conclusion of the program in 2015. The 2010 reconciliation and settlement with the OPA did not occur until 2013, and Wellington North Power Inc. believes this delay in the settlement process will also occur for the 2011 – 2015 programs.

8. Share Capital

Authorized	Unlimited	Common shares		
	Unlimited	Special shares, issuable in series		
Issued			2012	2011
1,557	Common shares		<u>\$ 1,634,404</u>	<u>\$ 1,634,404</u>

9. Public Liability Insurance

The company is a member of the Municipal Electrical Association Reciprocal Insurance Exchange. The Municipal Electrical Association Reciprocal Insurance Exchange is a pooling of the public liability insurance risks of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis, based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. No assessments have been made with respect to 2012.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

10. Related Party Transactions

The Township of Wellington North is the majority shareholder of the utility.

Wellington North Power Inc. provides water and sewage billing and collection services to its customers in the Town of Mount Forest and the Village of Arthur within the Township of Wellington North, as well as supplying streetlighting energy and streetlighting maintenance services to the Town of Mount Forest and the Village of Arthur within the Township of Wellington North.

The amount charged to the Township of Wellington North for water and sewer billing services for the year was \$82,675 (2011 - \$82,086).

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for sales of services.

In addition to the promissory notes payable described in Note 6, the utility has an amount of \$744,924 (2011 - \$696,461) payable to the Township of Wellington North included in accounts payable.

The utility has an amount of \$13,428 (2011 - \$9,531) receivable from the Township of Wellington North included in accounts receivable.

The company paid \$31,501 (2011 - \$14,636) in fees to the Cornerstone Hydro Electric Concepts Association Inc. (CHEC).

11. Contractual Obligations

The company has a letter of credit of \$558,879 issued to the Independent Electricity System Operator. No amounts have been drawn as at December 31, 2012.

12. Statement of Cash Flows

	2012	2011
Interest paid	\$ 98,347	\$ 104,508
Payments (recoveries) in lieu of taxes	\$ (45,533)	\$ (33,434)

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

13. Payments in Lieu of Income Taxes

The provision for payments in lieu of income taxes differs from the result which would be obtained by applying the combined Canadian Federal and Provincial Statutory income tax rates to income before income taxes. This difference results from the following items:

	2012	2011
Income (loss) before payments in lieu of income taxes	\$ 20,603	\$ (135,709)
Statutory income tax rate	15.50 %	15.50 %
Expected income tax expense (recovery)	3,193	(21,035)
Increase (decrease) in taxes resulting from:		
Permanent differences	1,948	1,401
Capital cost allowance in excess of amortization	(5,339)	(40,151)
Loss carried forward	198	12,995
Other tax adjustments	-	1,270
Payment (recovery) in lieu of income tax expense	\$ -	\$ (45,520)

At December 31, 2011 the company estimated a recovery in lieu of income taxes of 45,520 as a result of losses carried back to 2009 and 2010. Subsequent to year end, the company determined that the full amount was not refunded due to corporate minimum tax leaving a balance recoverable of \$12,510.

Corporate minimum tax paid may be carried forward and credited against corporate income tax payable in a subsequent year. However, given the uncertainty of realizing this tax credit, the company anticipates that the balance recoverable will be expensed in 2013.

As at December 31, 2012, the company had non-capital losses of approximately \$80,000 which are available to reduce taxable income in future years. If unused this loss will expire as follows:

2031	<u>\$80,000</u>
------	-----------------

As at December 31, 2012, the company also has recorded a future income tax asset and corresponding regulatory liability of \$240,000. Prior to January 1, 2009, Section 3465 of the CICA Handbook did not require rate regulated enterprises to recognize future income taxes if future income taxes were expected to be included in the approved rate charged to customers in the future and were expected to be recovered from future customers.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

14. Post-Employment Benefits

- (a) The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS). OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the company does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2012. At that time the plan reported a \$9.9 billion actuarial deficit (2011 - \$7.3 billion actuarial deficit), based on actuarial liabilities of \$69.1 billion (2011 - \$64.5 billion) and actuarial assets of \$59.2 billion (2011 - \$57.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the recent severe decline in the financial markets may lead to increased future funding requirements. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2012 was \$82,816 (2011 - \$60,033).

- (b) The company also pays the life insurance premiums for retired employees until death. An actuarial valuation is completed on a triennial basis. The following post-employment benefit obligation was estimated by the company using the actuarial valuation dated December 31, 2012:

	2012	2011
Obligation at January 1	\$ 112,351	\$ 103,322
Current service cost	2,632	2,506
Benefit payments	(1,655)	(3,238)
Interest on benefits	8,090	7,812
Past service cost	3,503	1,949
Obligation at December 31	\$ 124,921	\$ 112,351

The significant assumptions adopted in estimating the company's accrued benefit obligation are as follows:

Discount Rate	3.85%
Withdrawal Rate	2%

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

15. Capital Management

The company's objectives when managing its capital are to:

- maintain a financial position suitable for supporting the company's operations and growth strategies;
- provide an adequate return to its shareholder;
- comply with covenants related to its credit facilities; and
- align its capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity.

The company defines capital as the aggregate of shareholders' equity and notes payable. This definition has remained unchanged from December 31, 2010. As at December 31, 2012, shareholders' equity amounts to \$2,613,966 (2011 - \$2,593,363) and notes payable amounts to \$2,092,477 (2011 - \$2,151,672). The company's capital structure as at December 31, 2012 is 44% debt and 56% equity (2011 - 45% debt and 55% equity). There have been no changes in the company's overall capital management strategy during the year.

The company has externally imposed capital requirements in the form of credit facility agreements that contain various covenants. The company's credit facility limits the debt to capitalization ratio to 60%, requires that they maintain a debt service coverage ratio of at least 1 to 1 and a minimum current ratio of 1.1 to 1. As at December 31, 2012, the debt to capitalization ratio was 30.77% (2011 - 32.95%), the debt service coverage was 1.34 to 1 (2011 - 1.09 to 1) and the current ratio was 1.11 to 1 (2011 - 1.18 to 1). The company was in compliance with the current ratio as at December 31, 2012.

16. Financial Instrument Risk Management

The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

The company's activities provide for a variety of financial risks, particularly credit risk, liquidity risk and interest rate risk.

Credit Risk

Financial instruments are exposed to credit risk due to the risk of a counter-party defaulting on its obligations. The company's maximum exposure to credit risk is equal to the carrying value of its financial assets. The company's objective is to maximize credit collection and minimize bad debt expense. Credit risk is managed by monitoring and limiting exposure to credit risk on a continuous basis. The company carries credit risk insurance to mitigate payment default.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

16. Financial Instrument Risk Management (continued)

The credit risk associated with accounts receivable is the collection of amounts due from customers. The majority of the company's customers are residential customers. The company has procedures in place to ensure timely follow up on overdue amounts and to ensure additional credit is not extended to customers with certain arrears. The company collects security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2012, the company held security deposits in the amount of \$267,912 (2011 - \$281,157). The company also has a customer credit insurance policy in place to mitigate this risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts based on the financial condition of counter-parties and by applying to total accounts receivable a percentage based on past experience. The amount of the related impairment loss is recognized in the statement of operations. Subsequent recoveries of receivables previously provisioned are credited to the statement of operations.

Credit risk associated with accounts receivable is as follows:

	2012	2011
Accounts receivable outstanding for:		
Not more than 30 days	\$ 2,352,554	\$ 2,024,309
More than 30 days	43,474	19,274
Total accounts receivable	2,396,028	2,043,583
Allowance for doubtful accounts	(15,893)	(10,938)
Total accounts receivable, net	\$ 2,380,135	\$ 2,032,645

At December 31, 2012, there were no significant concentrations of credit risk with respect to any class of financial assets or counterparties.

Liquidity Risk

The following liquidity risks are associated with financial instruments: accounts payable and accrued liabilities are due within one year; and notes payable (Note 6). The company's objective is to ensure that it has access to sufficient funds to meet cash flow commitments related to financial instruments. Liquidity risk is managed by monitoring cash balances and having access to credit facilities (Note 5).

Interest Rate Risk

The company is exposed to interest rate risk on its notes payable and bank indebtedness. The company's objective is to minimize net interest expense. Interest rate risk is managed by entering into long-term fixed-rate debt.

2
3

1

**Wellington North Power Inc.
Notes to Financial Statements**

December 31, 2012

17. Prior Period Adjustment

Due to the implementation of a new asset management system management determined that the comparative balances of accumulated amortization required adjustment. These amounts have been corrected by restating opening retained earnings and accumulated amortization. Opening retained earnings for the year ended December 31, 2011 has been increased by \$38,020 and accumulated amortization has been decreased by the same amount.

18. Changes in Presentation of Comparative Financial Statements

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

19. Correction of an Error

Subsequent to the issue of the company's December 31, 2012 financial statements management determined that:

(i) A waiver from Ontario Infrastructure and Lands Corporation had not been received as of the reporting date. A waiver was subsequently received.

(ii) Certain OPA Funding, to be returned to the OPA in 2016 or 2017 had been misclassified as current. Accordingly \$157,369 was reclassified to other liabilities.

(iii) On June 3, 2013, the Council of the Corporation of the Township of Wellington North passed a resolution to defer all future \$100,000 principal payments on the existing promissory note which has a current balance of \$985,016. Accordingly, \$100,000 was reclassified from current portion to notes payable.

After these reclassifying adjustments were made, management determined that the company was now in compliance with the restrictive covenants.

2
3

Appendix 1C – 2013 WNP's Audited Financial Statement

Financial Statements of

**WELLINGTON NORTH
POWER INC.**

Year ended December 31, 2013

1



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3

Telephone (519) 747-8800
Fax (519) 747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Wellington North Power Inc.

We have audited the accompanying financial statements of Wellington North Power Inc., which comprise the balance sheet as at December 31, 2013, the statements of earnings and retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

2
3

1



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wellington North Power Inc. as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative Information

The financial statements of Wellington North Power Inc. as at and for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 19, 2013.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

April 23, 2014

Waterloo, Canada

2
3

1

WELLINGTON NORTH POWER INC.

Balance Sheet

December 31, 2013, with comparative information for 2012

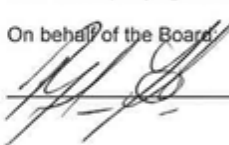
	2013	2012
Assets		
Current assets:		
Cash	\$ 913,339	\$ -
Accounts receivable	2,781,469	2,380,135
Inventory	82,221	85,382
Payments in lieu of income taxes recoverable	-	12,510
Prepaid expenses	58,398	59,441
	<u>3,835,427</u>	<u>2,537,468</u>
Property, plant and equipment (note 2)	5,818,357	5,540,248
Other assets	2,145	2,145
Regulatory assets (note 3)	112,753	223,775
Future income taxes	310,000	240,000
	<u>\$ 10,078,682</u>	<u>\$ 8,543,636</u>

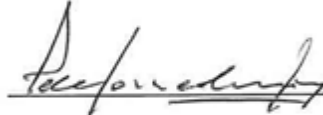
Liabilities and Shareholders' Equity

Current liabilities:		
Bank indebtedness	\$ -	\$ 101,892
Accounts payable and accrued liabilities	2,326,406	2,095,627
Income taxes payable	6,580	-
Current portion of customer deposits	-	25,000
Current portion of notes payable (note 4)	184,267	61,865
Regulatory liabilities (note 3)	765,444	1,089,472
	<u>3,282,697</u>	<u>3,373,856</u>
Notes payable (note 4)	3,481,766	2,030,612
Other liabilities	127,349	157,369
Customer deposits	234,755	242,912
Post employment benefits (note 5)	139,323	124,921
	<u>3,983,193</u>	<u>2,555,814</u>
Shareholders' equity:		
Share capital (note 6)	1,634,404	1,634,404
Retained earnings	1,178,388	979,562
	<u>2,812,792</u>	<u>2,613,966</u>
	<u>\$ 10,078,682</u>	<u>\$ 8,543,636</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

1

WELLINGTON NORTH POWER INC.

Statement of Earnings and Retained Earnings

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Service revenue	\$ 11,381,869	\$ 9,393,450
Cost of power	(11,381,869)	(9,393,450)
	-	-
Distribution services	2,429,792	2,255,551
Other operating revenue	114,262	142,877
	2,544,054	2,398,428
Expenses:		
Operations and maintenance	587,974	588,654
Billing and collections	343,220	359,586
Administration and general	810,048	659,195
Amortization	457,735	621,934
Interest	111,391	133,650
Property taxes	15,770	14,806
	2,326,138	2,377,825
Earnings before income taxes	217,916	20,603
Income taxes (note 8)	19,090	-
Net earnings	198,826	20,603
Retained earnings, beginning of year	979,562	958,959
Retained earnings, end of year	\$ 1,178,388	\$ 979,562

See accompanying notes to financial statements.

2
3

1

WELLINGTON NORTH POWER INC.

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Net earnings	\$ 198,826	\$ 20,603
Items not involving cash:		
Amortization of capital assets	457,735	400,579
Increase in post-employment benefits	14,402	12,570
Loss on disposal of capital assets	-	2,237
	670,963	435,989
Changes in non-cash operating working capital:		
Accounts receivable	(401,334)	(347,490)
Inventory	3,161	14,571
Prepaid expenses	1,043	10,640
Accounts payable and accrued liabilities	230,779	14,169
Payments in lieu of income taxes recoverable or payable	19,090	45,143
Customer deposits	(33,157)	(13,245)
	(180,418)	(276,212)
	490,545	159,777
Financing:		
Repayment of long term debt	(71,684)	(59,195)
Capital contributions received	-	4,691
Proceeds from new debt	1,645,240	-
	1,573,556	(54,504)
Investing:		
Purchase of property, plant and equipment	(735,844)	(562,905)
Net change in regulatory assets and liabilities	(283,006)	16,502
Future income taxes	-	7,000
Net change in other liabilities	(30,020)	41,706
	(1,048,870)	(497,697)
Increase (decrease) in cash	1,015,231	(392,424)
Cash (bank indebtedness), beginning of year	(101,892)	290,532
Cash (bank indebtedness), end of year	\$ 913,339	\$ (101,892)
Supplemental cash flow information:		
Payments in lieu of corporate income taxes paid (refunded)	\$ -	\$ (45,533)
Interest on long-term debt	96,400	98,347

See accompanying notes to financial statements.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements

Year ended December 31, 2013

Nature of operations:

Wellington North Power Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on May 26, 2000 and is engaged in the distribution of electricity and associated business activities. The Company is licensed by the Ontario Energy Board ("OEB") to supply electricity to customers as described in the Transitional Distribution License and thereafter by the Distribution License issued to the company by the OEB. Additionally there are requirements imposed on the Company by various codes referred to in the License and by the Electricity Act and the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the "Accounting Procedures Handbook for Electric Distribution Utilities" ("APH").

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as described in Part V of the CPA Canada Handbook and on the basis of accounting principles for electrical utilities in Ontario as required by Ontario Energy Board ("OEB") under the authority of Section 52, 70(2) and (78) of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the "Accounting Procedures Handbook for Electric Distribution Utilities" ("APH").

(b) Financial instruments:

(i) Initial measurement:

The financial instruments are classified in one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies:

(b) Financial instruments:

(i) Initial measurement (continued):

In accordance with Canadian generally accepted accounting principles ("GAAP"), the Company has undertaken the following:

- Cash is classified as "assets held-for-trading" and is measured at fair value.
- Marketable securities as "available-for-sale" are measured at fair value.
- Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.
- Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and long-term debt are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Comprehensive income:

Comprehensive income is comprised of net income for the period plus other revenues, expenses, gains, and losses that are excluded from net income but recognized as changes in equity (net assets). The Company includes the unrealized gains and losses on available-for-sale financial assets as comprehensive income.

(c) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment; provisions for impairment of trade accounts receivable; future income taxes; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies:

(d) Inventory:

Inventory is valued at the lower of cost and market value, where cost is generally determined on the average cost basis and market value determined at net realizable value.

(e) Employee future benefits:

The Company provides post-employment health, dental and life insurance benefits to certain of its retired employees as a defined benefit plan.

The Company accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the benefits. The defined benefit obligation at the end of the year is determined based on the most recent actuarial valuation report prepared for accounting purposes. The measurement date of the defined benefit obligation coincides with the Company's fiscal year-end. The date of the most recent actuarial valuation of the pension plan prepared for accounting purpose was January 1, 2011.

At year end the Company recognizes, in the balance sheet, the defined benefit obligation. The cost of the plan for the year is recognized in income. Past service costs arising from plan amendments are immediately recognized into income at the date of the amendment.

Remeasurements and other items comprise the aggregate of: the actuarial gains and losses; the past service costs; and the gains and losses arising from settlements and curtailments and are recognized in income at the time of the remeasurement.

(f) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Buildings	15-60 years
Distribution stations	20-55 years
Distribution lines	45-65 years
Distribution transformers	40 years
Distribution meters	5-30 years
Distribution services	40-60 years
Other capital assets	5-10 years

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies:

(g) Pension plan:

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan, which operates as the Ontario Municipal Employees Retirement Fund (the "Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

(h) Revenue recognition:

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

(i) Regulatory accounts and rate setting:

Regulatory assets represent costs that have been deferred because they will be recovered in future rates. Regulatory assets recognized at December 31, 2012 are disclosed in note 3. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made.

On April 13, 2012, the Company filed an application with the OEB seeking approval of a revenue requirement and related rates for the rate years 2012 to 2016. On September 20, 2012, the OEB approved a base revenue requirement amount of \$2,366,300, along with the Company's tariff of rates and charges reflecting the Board's decision. The approved base revenue requirement will allow the Company to recover all distribution expenses, payments in lieu of income taxes ("PILs") requirements, and will allow the Company to earn a return on deemed equity of 9.12%. For regulatory purposes, deemed equity is equal to 6.2% of the defined rate base of assets. In addition, the OEB ordered a reduction of rates for the disposition of net regulatory liabilities in the amount of \$366,676 over a two year period.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies:

(j) Payments in lieu of corporate income taxes:

The Company provides for PILs relating to its regulated business using the taxes payable method as permitted by the Chartered Professional Accountants of Canada Handbook Book ("CPA Canada") Part V - Canadian Institute of Chartered Accountants and the OEB.

The Company is generally exempt from tax under the Income Tax Act (Canada), if not less than 90% of its capital is owned by the Township of Centre Wellington and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the Township. A corporation exempt under the Income Tax Act (Canada) is also generally exempt from tax under the Corporations Tax Act.

The Company is a municipal electric utility (MEU) for purposes of the PILs regime contained in the Electricity Act, 1998. This Act provides that a MEU that is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act is required to make, for each taxation year, a payment in lieu of taxes to the Ontario Electricity Financial Corporation in an amount approximating the tax that it would be liable to pay if it were not exempt from tax.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs through annual distribution rate adjustments as permitted by the OEB.

The PILs regime came into effect on October 1, 2001, at which time the Company was deemed to have commenced a new taxation year for purpose of determining its liability for PILs. Accordingly, the Company was deemed to have disposed of its assets at their then fair market value and to have reacquired such assets at that same amount.

The Company provides for PILs using the asset and liability method. Under this method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

2. Property, plant and equipment:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 61,227	\$ -	\$ 61,227	\$ 50,459
Buildings	504,893	209,633	295,260	303,617
Distribution stations	1,069,031	668,266	400,765	366,447
Distribution lines - overhead	4,982,657	2,536,973	2,445,684	2,316,435
Distribution lines - underground	633,699	309,613	324,086	328,849
Distribution transformers	1,347,072	428,734	918,338	850,077
Distribution meters	882,740	291,063	591,677	663,798
Distribution services	602,770	416,928	185,842	147,701
Other capital assets	2,920,268	2,010,402	909,866	833,001
Contributions and grants	(394,564)	(64,001)	(330,563)	(331,863)
	12,609,793	6,807,611	5,802,182	5,528,521
Construction work in progress	16,175	-	16,175	11,727
	\$ 12,625,968	\$ 6,807,611	\$ 5,818,357	\$ 5,540,248

3. Regulatory assets (liabilities):

	2013	2012
Other deferred costs	\$ 54,857	\$ 43,338
Smart meters and stranded meters	57,896	180,437
Regulatory assets	\$ 112,753	\$ 223,775

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

3. Regulatory assets (liabilities):

	2013	2012
Retail settlement variance accounts	\$ (276,272)	\$ (210,516)
Retail cost variance accounts	(13,946)	(30,034)
Low voltage variance	(3,624)	(40,445)
Regulatory assets recovery account	(161,588)	(568,463)
Special purpose charge variance	(14)	(14)
Future income taxes	(310,000)	(240,000)
Regulatory liabilities	\$ (765,444)	\$ (1,089,472)

4. Notes payable:

	2013	2012
Township of Wellington North, promissory note, interest only at 4.41%, payable quarterly in arrears	\$ 985,015	\$ 985,015
Infrastructure Ontario, loan payable, interest at 4.42%, payable in monthly instalments, due 2028, secured by a General Security Agreement	2,681,018	1,107,462
	3,666,033	2,092,477
Less current portion of long-term debt	184,267	61,865
	\$ 3,481,766	\$ 2,030,612

On June 3, 2013, the Council of the Township of Wellington North passed a resolution to defer all future principal payments on the existing promissory note and that interest will continue to be payable at 4.41%.

Under the terms of the Infrastructure Ontario loan, the Company must satisfy certain restrictive covenants such as maintaining a minimum debt service coverage ratio, a minimum current ratio, and a maximum debt to capital ratio. The Company was in compliance with the minimum current ratio covenant as at December 31, 2013.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

4. Notes payable:

Included on the Statement of Earnings is interest on long-term debt of \$96,400 (2012 - \$98,347). Principal payments scheduled to be paid on long-term debt for the next five years and thereafter are as follows:

2014	\$	64,655
2015		67,655
2016		67,571
2017		70,619
2018 and thereafter		3,211,266
	\$	3,481,766

5. Post employment benefits:

Employee future benefits provided by the Company include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2013
Discount rate	3.85 %
Withdrawal rate	2.00 %

Information about the Company's defined benefit plan is as follows:

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

5. Post employment benefits:

	2013	2012
Balance beginning of year	\$ 124,921	\$ 112,351
Current service cost	3,583	2,632
Benefit payments	(3,502)	(1,655)
Interest on benefits	7,502	8,090
Past service cost	4,979	3,503
Actuarial loss	1,840	-
	<u>\$ 139,323</u>	<u>\$ 124,921</u>

6. Share capital:

	2013	2012
Authorized:		
Unlimited number of common shares		
Unlimited number of special shares, issuable in series		
Issued:		
1,557 common shares	\$ 1,634,404	\$ 1,634,404

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

7. Related party transactions:

The Company provides water and sewage billing and collection services to the customers of the Town of Mount Forest and the Village of Arthur within the Township of Wellington North, as well as supplying street lighting energy and street lighting maintenance services to the Town of Mount Forest and the Village of Arthur within the Township of Wellington North.

Revenue includes \$89,527 (2012 - \$82,675) from the Township. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to the promissory notes payable described in note 4, the utility has an amount of \$780,053 (2012 - \$744,924) payable to the Township of Wellington North included in accounts payable.

The utility has an amount of \$13,734 (2012 - \$13,428) receivable from the Township of Wellington North included in accounts receivable.

8. Income taxes

For income tax purposes, the Company has losses which can be applied to reduce future years' taxable income. These losses expire as follows:

	2013	2012
Earnings before income taxes	\$ 217,916	\$ 20,603
Expected income tax expense	\$ 33,777	\$ 3,193
Permanent differences	155	1,948
Capital cost allowance in excess of amortization	(14,842)	(5,339)
Other differences	-	198
Income tax expense	\$ 19,090	\$ -

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

8. Income taxes (continued):

Corporate income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 15.5% (2012 - 15.5%) to earnings from operations. The reasons for the differences and related tax effects are as follows:

As prescribed by a regulatory rate order, income tax expense is recovered through customer rates based on the taxes payable method based on regulatory taxable income. Therefore, rates do not include the recovery of future income taxes related to temporary differences between the tax basis of property, plant and equipment and their carrying amounts for accounting purposes, while the Company has recognized future income taxes associated with these differences.

9. Commitments:

Bank letters of credit have been issued to provide security for the Company's liability for power purchases from the Independent Electricity System Operator ("IESO"). These letters of credit will be drawn upon if the Company is in default of payment of its obligation to the IESO. The maximum potential payment is the face value of the bank letters of credit. At December 31, 2013, the letters of credit outstanding totalled \$558,879 (2012 - \$558,879).

10. Transition to International Financial Reporting Standards:

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board granted an optional deferral up to January 1, 2015 for IFRS adoption for entities subject to rate regulation. The Company elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with CPA Canada Handbook Part V - Canadian GAAP accounting standards.

2
3

Appendix 1D – 2013 WNP's Audited Financial Statement

Financial Statements of

**WELLINGTON NORTH
POWER INC.**

Year ended December 31, 2014

1



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3

Telephone (519) 747-8800
Fax (519) 747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Wellington North Power Inc.

We have audited the accompanying financial statements of Wellington North Power Inc., which comprise the balance sheet as at December 31, 2014, the statements of earnings and retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

2
3

1



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wellington North Power Inc. as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 31, 2015

Waterloo, Canada

2
3

1

WELLINGTON NORTH POWER INC.

Balance Sheet

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ -	\$ 913,339
Accounts receivable	2,835,278	2,781,469
Inventory	109,852	82,221
Prepaid expenses	17,485	58,398
Current portion of regulatory assets (note 3)	138,820	-
	3,101,435	3,835,427
Property, plant and equipment (note 2)	5,960,839	5,818,357
Other assets	2,145	2,145
Regulatory assets (note 3)	1,471,702	112,753
Future income taxes	296,000	310,000
	<u>\$ 10,832,121</u>	<u>\$ 10,078,682</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Bank indebtedness	\$ 829,206	\$ -
Accounts payable and accrued liabilities	2,724,027	2,357,243
Income taxes payable	29,612	21,539
Current portion of notes payable (note 4)	190,538	184,267
Current portion of regulatory liabilities (note 3)	19,326	455,444
	3,792,709	3,018,493
Notes payable (note 4)	3,291,228	3,481,766
Regulatory liabilities (note 3)	296,000	310,000
Customer deposits	217,981	234,755
Post employment benefits (note 5)	142,040	139,323
	3,947,249	4,165,844
Shareholders' equity:		
Share capital (note 6)	1,634,404	1,634,404
Retained earnings	1,457,759	1,259,941
	3,092,163	2,894,345
Subsequent event (note 4)		
	<u>\$ 10,832,121</u>	<u>\$ 10,078,682</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

1

WELLINGTON NORTH POWER INC.

Statement of Earnings and Retained Earnings

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Service revenue	\$ 10,212,158	\$ 11,381,869
Cost of power	(10,212,158)	(11,381,869)
	-	-
Distribution services	2,446,230	2,429,792
Other operating revenue	140,834	114,262
	2,587,064	2,544,054
Expenses:		
Operations and maintenance	567,949	587,974
Billing and collections	354,897	343,220
Administration and general	800,127	810,051
Amortization	464,010	457,735
Interest	164,373	111,388
Property taxes	15,889	15,770
	2,367,245	2,326,138
Earnings before income taxes	219,819	217,916
Income taxes (note 8)	22,001	19,090
Net earnings	197,818	198,826
Retained earnings, beginning of year	1,259,941	1,061,115
Retained earnings, end of year	\$ 1,457,759	\$ 1,259,941

See accompanying notes to financial statements.

1

WELLINGTON NORTH POWER INC.

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Net earnings	\$ 197,818	\$ 198,826
Items not involving cash:		
Amortization of capital assets	464,010	457,735
Increase in post-employment benefits	2,717	14,402
Gain on disposal of capital assets	(494)	-
	664,051	670,963
Changes in non-cash operating working capital:		
Accounts receivable	(53,809)	(401,334)
Inventory	(27,631)	3,161
Prepaid expenses	40,913	1,043
Accounts payable and accrued liabilities	366,784	230,779
Payments in lieu of income taxes recoverable or payable	8,073	19,090
Customer deposits	(16,774)	(33,157)
	317,556	(180,418)
	981,607	490,545
Financing:		
Repayment of long term debt	(184,267)	(71,684)
Proceeds from new debt	-	1,645,240
	(184,267)	1,573,556
Investing:		
Purchase of property, plant and equipment	(623,498)	(735,844)
Net change in regulatory assets and liabilities	(1,933,887)	(283,006)
Net change in other liabilities	-	(30,020)
Proceeds from sale of property, plant and equipment	17,500	-
	(2,539,885)	(1,048,870)
Increase (decrease) in cash	(1,742,545)	1,015,231
Cash (bank indebtedness), beginning of year	913,339	(101,892)
Cash (bank indebtedness), end of year	\$ (829,206)	\$ 913,339
Supplemental cash flow information:		
Interest on long-term debt	\$ 149,634	\$ 96,400

See accompanying notes to financial statements.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements

Year ended December 31, 2014

Nature of operations:

Wellington North Power Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on May 26, 2000 and is engaged in the distribution of electricity and associated business activities. The Company is licensed by the Ontario Energy Board ("OEB") to supply electricity to customers as described in the Transitional Distribution License and thereafter by the Distribution License issued to the company by the OEB. Additionally there are requirements imposed on the Company by various codes referred to in the License and by the Electricity Act and the Ontario Energy Board Act. The Company is limited to operate within their Licensed Territory as defined in the Distribution License.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as described in Part V of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook and on the basis of accounting principles for electrical utilities in Ontario as required by the OEB under the authority of Section 52, 70(2) and (78) of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the "Accounting Procedures Handbook for Electric Distribution Utilities" ("APH").

(b) Financial instruments:

(i) Initial measurement:

The financial instruments are classified in one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies:

(b) Financial instruments:

(i) Initial measurement (continued):

In accordance with Canadian generally accepted accounting principles ("GAAP"), the Company has undertaken the following:

- Cash is classified as "assets held-for-trading" and is measured at fair value.
- Marketable securities as "available-for-sale" are measured at fair value.
- Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.
- Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and long-term debt are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Comprehensive income:

Comprehensive income is comprised of net income for the period plus other revenues, expenses, gains, and losses that are excluded from net income but recognized as changes in equity (net assets). The Company includes the unrealized gains and losses on available-for-sale financial assets as comprehensive income.

(c) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment; provisions for impairment of trade accounts receivable; future income taxes; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies:

(d) Inventory:

Inventory is valued at the lower of cost and market value, where cost is generally determined on the average cost basis and market value determined at net realizable value.

(e) Employee future benefits:

The Company provides post-employment health, dental and life insurance benefits to certain of its retired employees as a defined benefit plan.

The Company accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the benefits. The defined benefit obligation at the end of the year is determined based on the most recent actuarial valuation report prepared for accounting purposes. The measurement date of the defined benefit obligation coincides with the Company's fiscal year-end. The date of the most recent actuarial valuation of the pension plan prepared for accounting purpose was January 1, 2014.

At year end the Company recognizes, in the balance sheet, the defined benefit obligation. The cost of the plan for the year is recognized in income. Past service costs arising from plan amendments are immediately recognized into income at the date of the amendment.

Remeasurements and other items comprise the aggregate of: the actuarial gains and losses; the past service costs; and the gains and losses arising from settlements and curtailments and are recognized in income at the time of the remeasurement.

(f) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Buildings	15-60 years
Distribution stations	20-55 years
Distribution lines	45-65 years
Distribution transformers	40 years
Distribution meters	5-30 years
Distribution services	40-60 years
Computer equipment	5 years
Transportation equipment	5-8 years
System supervisory equipment	10 years
Other capital assets	5-10 years

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies:

(g) Pension plan:

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan, which operates as the Ontario Municipal Employees Retirement Fund (the "Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

(h) Revenue recognition:

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

(i) Regulatory accounts and rate setting:

Regulatory assets represent costs that have been deferred because they will be recovered in future rates. Regulatory assets recognized at December 31, 2014 are disclosed in note 3. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made.

On April 13, 2012, the Company filed an application with the OEB seeking approval of a revenue requirement and related rates for the rate years 2012 to 2016. On September 20, 2012, the OEB approved a base revenue requirement amount of \$2,366,300, along with the Company's tariff of rates and charges reflecting the Board's decision. The approved base revenue requirement will allow the Company to recover all distribution expenses, payments in lieu of income taxes ("PILs") requirements, and will allow the Company to earn a return on deemed equity of 9.12%. For regulatory purposes, deemed equity is equal to 6.2% of the defined rate base of assets. In addition, the OEB ordered a reduction of rates for the disposition of net regulatory liabilities in the amount of \$366,676 over a two year period.

On September 26, 2013, the Company filed an Incentive Rate Mechanism rate application with the OEB seeking approval of Incremental Capital Module funding for rebuild of the company's MS-2 Substation. The OEB approved the company's application to recovery revenue through fixed and variable rate riders to be in effect until the issuance of the rate order arising from its next cost of service application. In addition, the OEB approved the disposition of net regulatory liabilities in the amount of \$253,967 to be disposed over a one year period from May 1, 2014 to April 30, 2015.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies:

(j) Payments in lieu of corporate income taxes:

The Company provides for PILs relating to its regulated business using the taxes payable method as permitted by Part V of the CPA Canada Handbook and the OEB.

The Company is generally exempt from tax under the Income Tax Act (Canada), if not less than 90% of its capital is owned by the Township of Wellington North and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the Township. A corporation exempt under the Income Tax Act (Canada) is also generally exempt from tax under the Corporations Tax Act.

The Company is a municipal electric utility (MEU) for purposes of the PILs regime contained in the Electricity Act, 1998. This Act provides that a MEU that is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act is required to make, for each taxation year, a payment in lieu of taxes to the Ontario Electricity Financial Corporation in an amount approximating the tax that it would be liable to pay if it were not exempt from tax.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs through annual distribution rate adjustments as permitted by the OEB.

The PILs regime came into effect on October 1, 2001, at which time the Company was deemed to have commenced a new taxation year for purpose of determining its liability for PILs. Accordingly, the Company was deemed to have disposed of its assets at their then fair market value and to have reacquired such assets at that same amount.

The Company provides for PILs using the asset and liability method. Under this method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

2. Property, plant and equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 70,638	\$ -	\$ 70,638	\$ 61,227
Buildings	509,143	221,517	287,626	295,260
Distribution stations	1,230,987	612,448	618,539	400,765
Distribution lines - overhead	5,118,694	2,591,292	2,527,402	2,445,684
Distribution lines - underground	756,265	320,357	435,908	324,086
Distribution transformers	1,269,980	447,970	822,010	759,803
Distribution meters	836,553	349,623	486,930	533,169
Distribution services	673,845	410,022	263,823	185,842
Computer equipment	1,250,589	993,294	257,295	385,577
Transportation equipment	833,656	534,033	299,623	368,753
System supervisory equipment	348,127	274,384	73,743	87,770
Meters - spare	44,059	-	44,059	58,509
Transformers - spare	165,418	-	165,418	158,534
Other	304,352	262,861	41,491	67,766
Contributions and grants	(507,861)	(74,195)	(433,666)	(330,563)
	12,904,445	6,943,606	5,960,839	5,802,182
Construction work in progress	-	-	-	16,175
	\$ 12,904,445	\$ 6,943,606	\$ 5,960,839	\$ 5,818,357

3. Regulatory assets (liabilities):

	2014	2013
Retail settlement variance accounts	\$ 131,819	\$ -
Retail cost variance accounts	7,001	-
Smart meter entity and stranded meters	8,674	57,896
Distribution assets	1,411,007	-
Other deferred costs	52,021	54,857
Regulatory assets	\$ 1,610,522	\$ 112,753

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

3. Regulatory assets (liabilities):

	2014	2013
Retail settlement variance accounts	\$ -	\$ (276,272)
Retail cost variance accounts	-	(13,946)
Low voltage variance	-	(3,624)
Regulatory assets recovery account	(19,312)	(161,588)
Special purpose charge variance	(14)	(14)
Future income taxes	(296,000)	(310,000)
Regulatory liabilities	\$ (315,326)	\$ (765,444)

4. Notes payable:

	2014	2013
Township of Wellington North, promissory note, interest only at 4.41%, payable quarterly in arrears	\$ 985,015	\$ 985,015
Infrastructure Ontario, loan payable, interest at 2.46%, payable in monthly instalments, due 2018, secured by a General Security Agreement	422,717	524,281
Infrastructure Ontario, loan payable, interest at 4.42%, payable in monthly instalments, due 2026, secured by a General Security Agreement	980,943	1,045,598
Infrastructure Ontario, loan payable, interest at 4.49%, payable in monthly instalments, due 2043, secured by a General Security Agreement	1,093,091	1,111,139
	3,481,766	3,666,033
Less current portion of long-term debt	190,538	184,267
	\$ 3,291,228	\$ 3,481,766

On June 3, 2013, the Council of the Township of Wellington North passed a resolution to defer all future principal payments on the existing promissory note and that interest will continue to be payable at 4.41%.

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

4. Notes payable:

Under the terms of the Infrastructure Ontario loan, the Company must satisfy certain restrictive covenants such as maintaining a minimum debt service coverage ratio, a minimum current ratio, and a maximum debt to capital ratio. The Company obtained a waiver related to the the minimum current ratio covenant as at December 31, 2014 until March 2, 2015, the closing date on the additional financing.

Subsequent to December 31, 2014, the Company obtained additional financing of \$1,150,000 through an Infrastructure Ontario 30 year term loan bearing an interest rate of 3.28%, payable in monthly installments. Proceeds from the loan were used to fund the Company's MS-2 Substation.

Included on the Statement of Earnings is interest on long-term debt of \$149,634 (2013 - \$96,400). Principal payments scheduled to be paid on long-term debt for the next five years and thereafter are as follows:

2015	\$	190,538
2016		197,040
2017		203,785
2018		201,336
2019 and thereafter		2,589,067
	\$	3,381,766

5. Post employment benefits:

Employee future benefits provided by the Company include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2014
Discount rate	4.00%
Withdrawal rate	1.50% - 2.75%

Information about the Company's defined benefit plan is as follows:

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

5. Post employment benefits:

	2014	2013
Balance beginning of year	\$ 139,323	\$ 124,921
Current service cost	3,914	3,583
Benefit payments	(13,898)	(3,502)
Interest on benefits	7,723	7,502
Past service cost	4,978	4,979
Actuarial loss	-	1,840
	<u>\$ 142,040</u>	<u>\$ 139,323</u>

6. Share capital:

	2014	2013
Authorized:		
Unlimited number of common shares		
Unlimited number of special shares, issuable in series		
Issued:		
1,557 common shares	\$ 1,634,404	\$ 1,634,404

2
3

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

7. Related party transactions:

The Company provides water and sewage billing and collection services to the customers of the communities of Mount Forest and the Arthur within the Township of Wellington North, as well as supplying street lighting energy and street lighting maintenance services to these communities.

Revenue includes \$85,431 (2013 - \$89,527) from the Township. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related expenses are recorded in billings and collections.

In addition to the promissory notes payable described in note 4, the utility has an amount of \$778,881 (2013 - \$780,053) payable to the Township of Wellington North included in accounts payable.

The utility has an amount of \$19,640 (2013 - \$13,734) receivable from the Township of Wellington North included in accounts receivable.

8. Income taxes

Corporate income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 15.5% (2013 - 15.5%) to earnings from operations. The reasons for the differences and related tax effects are as follows:

	2014	2013
Earnings before income taxes	\$ 219,819	\$ 217,916
Expected income tax expense	\$ 34,072	\$ 33,777
Permanent differences	252	155
Capital cost allowance in excess of amortization	(12,177)	(14,842)
Other differences	(146)	-
Income tax expense	\$ 22,001	\$ 19,090

2
3

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

8. Income taxes (continued):

As prescribed by a regulatory rate order, income tax expense is recovered through customer rates based on the taxes payable method based on regulatory taxable income. Therefore, rates do not include the recovery of future income taxes related to temporary differences between the tax basis of property, plant and equipment and their carrying amounts for accounting purposes, while the Company has recognized future income taxes associated with these differences.

9. Commitments:

Bank letters of credit have been issued to provide security for the Company's liability for power purchases from the Independent Electricity System Operator ("IESO"). These letters of credit will be drawn upon if the Company is in default of payment of its obligation to the IESO. The maximum potential payment is the face value of the bank letters of credit. At December 31, 2014, the letters of credit outstanding totalled \$558,879 (2013 - \$558,879).

10. Transition to International Financial Reporting Standards:

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board granted an optional deferral up to January 1, 2015 for IFRS adoption for entities subject to rate regulation. The Company elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with Part V of the CPA Canada Handbook.

The International Accounting Standards Board ("IASB") has approved IFRS 14 Regulatory Deferral Accounts in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of the risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

1

WELLINGTON NORTH POWER INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

11. Correction of an immaterial prior period error:

During the year ended December 31, 2014, the Company became aware of certain liabilities that were overaccrued. The impact of the correction has been recorded retrospectively resulting in a decrease in accounts payable and accrued liabilities of \$96,512, an increase in income taxes payable of \$14,959, and an increase in retained earnings of \$81,553 at December 31, 2012.

2

3

Appendix 1E – Reconciliation: RRR filings to AFS (2012-2014)

RRR 2.1.13

Uniform System of Account Balances Mapped and Reconciled to Wellington North Power Inc.'s Audited 2012 Financial Statements

Part 1:

Cash Flow
Balance Sheet
Income Statement
Retained Earnings

Output
Output
Output
Output

Part 2:

Trial Balance by Account

Data Entry

Wellington North Power Inc.

Contents

Part 1: Cash-Flow (per OEB decision to transfer Smart Meter to capital)

Account	C/F Section	C/F Line Grouping	GL Account Description	Current Year	Cash Flows Statement
Operating Activities					
Net Loss for the year					20,663
Items not involving cash					
Amortization of capital assets					
1995 Asset Property and Equipment Contributed Capital				-17,084	
2105 Asset Property and Equipment Acc Amort - Buildings				10,964	
2105 Asset Property and Equipment Acc Amort - Sub Station Equip				14,980	
2105 Asset Property and Equipment Acc Amort - Lines O/H				55,134	
2105 Asset Property and Equipment Acc Amort - Lines U/G				9,655	
2105 Asset Property and Equipment Acc Amort - Transformers				23,750	
2105 Asset Property and Equipment Acc Amort - Services				3,333	
2105 Asset Property and Equipment Acc Amort - Meters				130,111	
2105 Asset Property and Equipment Acc Amort - Office Equip				10,480	
2105 Asset Property and Equipment Acc Amort - Computer Hardware				43,538	
2105 Asset Property and Equipment Acc Amort - Software				258,970	
2105 Asset Property and Equipment Acc Amort - Rolling Stock				62,157	
2105 Asset Property and Equipment Acc Amort - Misc Equip/Tools				2,522	
2105 Asset Property and Equipment Acc Amort - Supervisory Equip				13,844	
					621,934
Increase in post-employment benefits					
2306 Liability OPEB liability Employee Future Benefits				12,570	
					12,570
Loss (gain) on disposal of capital assets					
4360 Revenue Other Revenue Loss on disposition				2,237	
					2,237
					657,344
Change in non-cash working capital balances					
Accounts receivable					
1100 Current Asset Receivables Customer A/R - Energy Sales				-300,115	
1102 Current Asset Receivables Accounts Receivable - Services				-23,339	
1104 Current Asset Receivables A/R - Recoverable Work				22,403	
1120 Current Asset Unbilled Revenue Unbilled Revenue				-49,578	
1130 Current Asset Receivables Uncollectible Accts - Credit				4,955	
1140 Current Asset Receivables Interest & Dividends Receivable				-300	
1150 Current Asset Receivables Rents Receivable				-1,515	
					-347,490
Prepaid expenses					
1180 Current Asset Prepayments Prepayments				10,640	
					10,640
Inventory					
1330 Current Asset Inventory Inventory				14,571	
					14,571
Accounts payable and accrued liabilities					
2205 Current Liabilities Payable Accounts Payable				84,025	
2208 Current Liabilities Customer Credit Cust Credit Balance				-30,609	
2220 Current Liabilities Payables & Accruals Accrued Accounts Payable				3,649	
2250 Current Liabilities Payable Debt Retirement A/P				-143	
2290 Current Liabilities Payable HST Federal				-1,047	
					55,875
Payments in lieu of income taxes receivable or payable					
2294 Current Liability Liabilities Accrual - Payments In Lieu				45,143	
					45,143
					436,084
Change in customer deposits					
2335 Liability Customer Deposits Long Term Customer Deposits				-13,245	
					-13,245
					422,839

Wellington North Power Inc.

Part 1 - Cash-Flow (as per OEB Decision EB-2011-0248)

Part 1: Cash-Flow (per OEB decision to transfer Smart Meter to capital)

Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Investing activities					
Purchase of capital assets					
	1806	Asset	Intangible Assets	-1,650	
	1808	Asset	Property and Equipment	-58,564	
	1820	Asset	Property and Equipment	-9,565	
	1830	Asset	Property and Equipment	-86,672	
	1835	Asset	Property and Equipment	-70,259	
	1840	Asset	Property and Equipment	-115	
	1845	Asset	Property and Equipment	-8,101	
	1850	Asset	Property and Equipment	-99,196	
	1855	Asset	Property and Equipment	-27,051	
	1860	Asset	Property and Equipment	-714,176	
	1915	Asset	Property and Equipment	0	
	1920	Asset	Property and Equipment	-62,067	
	1925	Asset	Property and Equipment	-314,202	
	1930	Asset	Property and Equipment	-1,842	
	1940	Asset	Property and Equipment	-4,400	
	1955	Asset	Property and Equipment	-4,995	
	1980	Asset	Property and Equipment	-3,810	
	2055	Asset	Property and Equipment	-11,727	
					-1,477,793
Net change in regulatory assets					
	1508	Asset	Regulatory Assets	11,410	
	1518	Asset	Regulatory Assets	121,841	
	1525	Asset	Regulatory Assets	5	
	1548	Asset	Regulatory Assets	6,289	
	1555	Asset	Regulatory Assets	461,868	
	1556	Asset	Regulatory Assets	220,491	
	1563	Asset	Regulatory Assets	117,314	
	1592	Asset	Regulatory Assets	-3,781	
					935,436
Net change in regulatory liabilities					
	1521	Liability	Regulatory Liabilities	-1,229	
	1518	Asset	Regulatory Assets	32,010	
	1548	Asset	Regulatory Assets	-1,976	
	1550	Liability	Regulatory Liabilities	-117,075	
	1590	Liability	Regulatory Liabilities	11,173	
	1594	Liability	Regulatory Liabilities	48,434	
	1596	Liability	Regulatory Liabilities	-370,024	
	1598	Liability	Regulatory Liabilities	-170,454	
	1599	Liability	Regulatory Liabilities	204,951	
	1595	Liability	Regulatory Liabilities	147,787	
	2350	Liability	Future Income Tax	-7,000	
					-225,402
Net change in future income taxes					
	1460	Asset	Future Income Taxes	7,000	
					7,000
					-760,758

Wellington North Power Inc.

Part 1 - Cash-Flow (as per OEB Decision EB-2011-0249)

Part 1: Cash-Flow (per OEB decision to transfer Smart Meter to capital)

Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Financing activities					
	2520	Current Liabilities	Payable	Long Term Debt	
				-59,195	
	1995	Capital Assets	Assets	Contributions and Grants	
				4,691	
					4,691
					-54,504
Decrease in cash during the year					-392,424
Cash, beginning of the year	1005	Current Assets	Cash	Bank - TD Canada Trust	
	1010	Current Assets	Cash	Cash - Float	
				290,152	
				380	
					290,532
Cash, end of the year					-101,892

Part 1: Cash-Flow (per BDO Audited Financial Statement)					
Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Operating Activities					
Net Loss for the year					20,603
Items not involving cash					
Amortization of capital assets	1995	Asset	Property and Equipment	Contributed Capital	-17,084
	2105	Asset	Property and Equipment	Acc Amort - Buildings	10,964
	2105	Asset	Property and Equipment	Acc Amort - Sub Station Equip	14,960
	2105	Asset	Property and Equipment	Acc Amort - Lines O/H	55,134
	2105	Asset	Property and Equipment	Acc Amort - Lines U/G	9,655
	2105	Asset	Property and Equipment	Acc Amort - Transformers	23,750
	2105	Asset	Property and Equipment	Acc Amort - Services	3,333
	2105	Asset	Property and Equipment	Acc Amort - Meters	28,943
	2105	Asset	Property and Equipment	Acc Amort - Office Equip	10,490
	2105	Asset	Property and Equipment	Acc Amort - Computer Hardware	29,925
	2105	Asset	Property and Equipment	Acc Amort - Software	152,496
	2105	Asset	Property and Equipment	Acc Amort - Rolling Stock	62,157
	2105	Asset	Property and Equipment	Acc Amort - Misc Equip/Tools	2,522
	2105	Asset	Property and Equipment	Acc Amort - Supervisory Equip	13,844
					400,579
Increase in post-employment benefits	2306	Liability	OPEB liability	Employee Future Benefits	12,570
					12,570
Loss (gain) on disposal of capital assets	4360	Revenue	Other Revenue	Loss on disposition	2,237
					2,237
					435,999
Change in non-cash working capital balances					
Accounts receivable	1100	Current Asset	Receivables	Customer A/R - Energy Sales	-300,115
	1102	Current Asset	Receivables	Accounts Receivable - Services	-23,339
	1104	Current Asset	Receivables	A/R - Recoverable Work	22,403
	1120	Current Asset	Unbilled Revenue	Unbilled Revenue	-49,578
	1130	Current Asset	Receivables	Uncollectible Accts - Credit	4,955
	1140	Current Asset	Receivables	Interest & Dividends Receivable	-300
	1150	Current Asset	Receivables	Rents Receivable	-1,515
					-347,490
Prepaid expenses	1180	Current Asset	Prepayments	Prepayments	10,640
					10,640
Inventory	1330	Current Asset	Inventory	Inventory	14,571
					14,571
Accounts payable and accrued liabilities	2205	Current Liabilities	Payable	Accounts Payable	84,025
	2208	Current Liabilities	Customer Credit	Cust Credit Balance	-30,609
	2220	Current Liabilities	Payables & Accruals	Accrued Accounts Payable	3,649
	2250	Current Liabilities	Payable	Debt Retirement A/P	-143
	2290	Current Liabilities	Payable	HST Federal	-1,047
					55,875
Payments in lieu of income taxes receivable or payable	2294	Current Liability	Liabilities	Accrual - Payments In Lieu	45,143
					45,143
					214,728
Change in customer deposits	2335	Liability	Customer Deposits	Long Term Customer Deposits	-13,245
					-13,245
					201,483
Wellington North Power Inc.					Part 1 - Cash Flow (as per Audited Financial Statement)

Part 1: Cash-Flow (per BDO Audited Financial Statement)					
Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Investing activities					
Purchase of capital assets					
	1806	Asset	Intangible Assets	-1,650	
	1808	Asset	Property and Equipment	-58,564	
	1820	Asset	Property and Equipment	-9,585	
	1830	Asset	Property and Equipment	-134,770	
	1835	Asset	Property and Equipment	-108,066	
	1840	Asset	Property and Equipment	-1,175	
	1845	Asset	Property and Equipment	-21,090	
	1850	Asset	Property and Equipment	-99,196	
	1855	Asset	Property and Equipment	-27,651	
	1860	Asset	Property and Equipment	-7,473	
	1915	Asset	Property and Equipment	0	
	1920	Asset	Property and Equipment	-17,411	
	1925	Asset	Property and Equipment	-51,520	
	1930	Asset	Property and Equipment	-1,842	
	1940	Asset	Property and Equipment	-4,400	
	1955	Asset	Property and Equipment	-4,895	
	1980	Asset	Property and Equipment	-3,810	
	2055	Asset	Property and Equipment	-11,727	
					-562,905
Net change in regulatory assets					
	1508	Asset	Regulatory Assets	11,410	
	1518	Asset	Regulatory Assets	121,841	
	1525	Self	Regulatory Assets	5	
	1548	Asset	Regulatory Assets	6,289	
	1555	Asset	Regulatory Assets	-121,736	
	1556	Asset	Regulatory Assets	220,491	
	1563	Asset	Regulatory Assets	7,384	
	1592	Asset	Regulatory Assets	-3,781	
					241,903
Net change in regulatory liabilities					
	1521	Liability	Regulatory Liabilities	-1,229	
	1518	Asset	Regulatory Assets	32,010	
	1548	Asset	Regulatory Assets	-1,976	
	1550	Liability	Regulatory Liabilities	-117,075	
	1580	Liability	Regulatory Liabilities	11,173	
	1584	Liability	Regulatory Liabilities	46,434	
	1586	Liability	Regulatory Liabilities	-370,024	
	1588	Liability	Regulatory Liabilities	-170,454	
	1589	Liability	Regulatory Liabilities	204,951	
	1595	Liability	Regulatory Liabilities	147,787	
	2350	Liability	Future Income Tax	-7,000	
					-225,402
Net change in future income taxes					
	1460	Asset	Future Income Taxes	7,000	
					7,000
					-539,403

Wellington North Power Inc.

Part 1 - Cash Flow (as per Audited Financial Statement)

Part 1: Cash-Flow (per BDO Audited Financial Statement)

Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Financing activities					
	2520	Current Liabilities	Payable		
			Long Term Debt	-58,195	-58,195
	1995	Capital Assets	Assets		
			Contributions and Grants	4,691	4,691
					-54,504
Decrease in cash during the year					
					-362,423
Cash, beginning of the year					
	1005	Current Assets	Cash	290,152	
	1010	Current Assets	Cash	390	
			Bank - TD Canada Trust		
			Cash - Float		
					290,532
Cash, end of the year					
					-101,892

Part 1: Balance Sheet						
Account	B/S Section	B/S Line Grouping	G/L Account Description		Current Year	Balance Sheet
ASSETS						
Current Assets						
1005	Current Assets	Cash	Bank - TD Canada Trust	1-1005-1000-005-001	-102,272	
1010	Current Assets	Cash	Cash - Float	1-1010-1000-010-001	380	
						-101,892
1100	Current Asset	Receivables	Customer A/R - Energy Sales	1-1100-1100-100-001	1,308,539	
1102	Current Asset	Receivables	Accounts Receivable - Services	1-1102-1100-102-001	-578	
1104	Current Asset	Receivables	A/R - Recoverable Work	1-1104-1100-104-001	27,384	
1120	Current Asset	Unbilled Revenue	Unbilled Revenue	1-1120-1100-120-001	1,058,413	
1130	Current Asset	Receivables	Uncollectible Accts - Credit	1-1130-1100-130-001	-15,893	
1140	Current Asset	Receivables	Interest & Dividends Receivable	1-1140-1100-140-001	754	
1150	Current Asset	Receivables	Rents Receivable	1-1150-1100-150-001	1,515	
						2,380,135
2294	Current Liability	Liabilities	Accrual - Payments In Lieu	1-2294-2200-294-001	12,510	
						12,510
1180	Current Asset	Prepayments	Prepayments	1-1180-1100-180-001	59,441	
						59,441
1330	Current Asset	Inventory	Inventory - Materials and Supplies	1-1330-1300-330-001	85,382	
						85,382
Total Current Assets						2,435,575
Capital Assets						
1805	Asset	Property and Equipment	Land	1-1805-1800-805-001	41,988	
1806	Asset	Intangible Assets	Land - Rights/Easements	1-1806-1800-806-001	8,471	
1808	Asset	Property and Equipment	Buildings & Fixtures	1-1808-1800-808-001	501,443	
1820	Asset	Property and Equipment	Sub Stations	1-1820-1800-820-001	1,019,423	
1830	Asset	Property and Equipment	Poles Towers & Fixtures	1-1830-1800-830-001	2,788,718	
1835	Asset	Property and Equipment	OH Conductors & Devices	1-1835-1800-835-001	2,026,487	
1840	Asset	Property and Equipment	Underground Conduit	1-1840-1800-840-001	151,377	
1845	Asset	Property and Equipment	UG Conductors & Devices	1-1845-1800-845-001	477,061	
1850	Asset	Property and Equipment	Line Transformers	1-1850-1800-850-001	1,270,806	
1855	Asset	Property and Equipment	Services - Distribution	1-1855-1800-855-001	568,415	
1860	Asset	Property and Equipment	Meters	1-1860-1800-860-001	915,897	
1915	Asset	Property and Equipment	Office Furniture & Equip	1-1915-1900-915-001	149,740	
1920	Asset	Property and Equipment	Computer Hardware	1-1920-1900-920-001	281,650	
1925	Asset	Property and Equipment	Software	1-1925-1900-925-001	921,105	
1930	Asset	Property and Equipment	Transportation Equipment	1-1930-1900-930-001	751,812	
1935	Asset	Property and Equipment	Stores Equipment	1-1935-1900-935-001	16,849	
1940	Asset	Property and Equipment	Tools, Shop & Garage Equipment	1-1940-1900-940-001	96,979	
1945	Asset	Property and Equipment	Measurement & Testing Equipment	1-1945-1900-945-001	1,964	
1955	Asset	Property and Equipment	Communication Equipment	1-1955-1900-955-001	30,281	
1980	Asset	Property and Equipment	System Supervisory Equipment	1-1980-1900-980-001	348,127	
1985	Asset	Property and Equipment	Sentinel Lighting Rental Units	1-1985-1900-985-001	0	
1995	Asset	Property and Equipment	Contributed Capital	1-1995-1900-995-001	-331,863	
2055	Asset	Property and Equipment	Work in Progress	1-2055-2000-055-001	11,727	
2105	Asset	Property and Equipment	Acc Amort	1-2105-2100-105-002	-6,506,816	
Total Capital Assets						5,540,248
Other Assets						
1460	Asset	Future Income Taxes	Other - Non Current Assets	1-1460-1400-460-001	2,145	
Total Other Assets						2,145
Wellington North Power Inc.						
Part 1 - Balance Sheet						

Part 1: Balance Sheet

Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Regulatory Assets					
1508	Asset	Regulatory Assets	Other Regulatory Assets	1-1508-1500-508-102	46,946
1518	Asset	Regulatory Assets	RCVA Retail and Variance Account	1-1518-1500-518-101	-32,010
1525	Asset	Regulatory Assets	DeFd Debits - Prior to 2008	1-1525-1500-525-101	-5
1548	Asset	Regulatory Assets	RCVA STR and Variance Account	1-1548-1500-548-101	1,976
1555	Asset	Regulatory Assets	Smart Meter Cap and Variance Account	1-1555-1500-555-101	180,437
1556	Asset	Regulatory Assets	Smart Meter OM&A Variance Account	1-1556-1500-556-101	0
Total Regulatory Assets					197,344
Future Income Taxes					
1460	Asset	Future Income Taxes	Other - Future Income Tax	1-1460-1400-460-002	240,000
Total Future Income Taxes					240,000
Total Assets					8,415,313
Liabilities and Shareholders' Equity					
Current Liabilities					
2206	Current Liabilities	Payable	Accounts Payable	1-2206-2200-206-001	-1,821,812
2208	Current Liabilities	Customer Credit	Cust Credit Bal - Equal Billing	1-2208-2200-208-002	-38,612
2220	Current Liabilities	Payables & Accruals	Accrued Accounts Payable	1-2220-2200-220-001	-402,693
2250	Current Liabilities	Payable	Debt Retirement A/P - Residential	1-2250-2200-250-000	741
2280	Current Liabilities	Payable	Current Portion of Long Term Debt	1-2280-2200-280-001	-161,865
2290	Current Liabilities	Payable	HST Federal 5% - A/P	1-2290-2200-290-020	9,383
2292	Current Liabilities	Payable	Accum O/T - All Labour	1-2292-2200-292-010	0
					-2,414,857
2520	Current Liabilities	Payable	Current Portion of Notes Payable	1-2520-2500-520-004	0
					0
2335	Current Liabilities	Payable	Current Portion of Customer Deposits	1-2335-2300-335-001	0
Total Current Liabilities					-2,414,857

Part 1: Balance Sheet

Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Notes Payable					
2520	Liability	Other Non-Current Debt	Long Term Debt	1-2520-2500-520-001	-1,930,612
Total Notes Payable					-1,930,612
Customer Deposits					
2335	Liability	Customer Deposits	Long Term Customer Deposits	1-2335-2300-335-001	-267,912
Total Customer Deposits					-267,912
Regulatory Liabilities					
2350	Liability	Future Income Tax	Non Current Future Income Tax	1-2350-2300-350-001	-240,000
1521	Liability	Regulatory Liabilities	Spec Purpose and Variance Account	1-1521-1500-521-101	-14
1550	Liability	Regulatory Liabilities	RSVA LV and Variance Account	1-1550-1500-550-101	-40,445
1562	Liability	Regulatory Liabilities	DeFd Pmts In Lieu Of Taxes	1-1562-1500-562-101	0
1563	Liability	Regulatory Liabilities	DeFd PILS Contra Acct	1-1563-1500-563-101	-7,384
1590	Liability	Regulatory Liabilities	RSVA WMS and Variance Account	1-1590-1500-590-101	-255,827
1584	Liability	Regulatory Liabilities	RSVA NW - Variance	1-1584-1500-584-101	11,932
1586	Liability	Regulatory Liabilities	RSVA CN and Variance Account	1-1586-1500-586-101	-84,774
1588	Liability	Regulatory Liabilities	RSVA Power and Variance Account	1-1588-1500-588-101	303,105
1589	Liability	Regulatory Liabilities	RSVA Power - GA	1-1589-1500-589-201	-204,951
1592	Liability	Regulatory Liabilities	PILS & Tax Var - Contra Improv	1-1592-1500-591-211	3,781
1595	Liability	Regulatory Liabilities	Disposition and Recovery/Refund of	1-1595-1500-595-201	-569,463
1595	Liability	Regulatory Liabilities	Regulatory Balances Control Account		
Total Regulatory Liabilities					-1,063,041
Post-Employment Benefits					
2306	Liability	OPEB Liability	Employee Future Benefits	1-2306-2300-306-001	-124,921
Total Post-Employment Benefits					-124,921
Total Liabilities					-5,801,343
Shareholders' Equity					
3005	Shareholders' Equity	Common Shares	Common Shares	1-3005-3000-305-000	-1,634,404
3045	Shareholders' Equity	Retained Earnings	Unappropriated Retained Earnings	1-3045-3000-345-000	-892,473
3055	Shareholders' Equity	Retained Earnings	Adjustment To Retained Earnings	1-3055-3000-355-001	-76,488
3045	Shareholders' Equity	Retained Earnings	Net Loss to Date		-20,605
Total Liabilities and Shareholders' Equity					-8,415,312

Part 1: Income Statement					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
Expenses					
Operations and Maintenance					
5005 Operations and Maintenance		Operation Supervision and Engineering	Operation Supervision and Engineering	1-5005-5000-500-100	79,973
5012 Operations and Maintenance		Station Buildings and Fixtures	Stn Bldg & Fixtures - Expenses	1-5012-5000-500-500	12,226
5016 Operations and Maintenance		Distribution Statement Equipment-Labour	Dist Stn Equipment - Outside Labour	1-5016-5000-500-100	6,929
5017 Operations and Maintenance		Distribution Statement Equipment-Expense	Distribution Statement Equipment-Expense	1-5017-5000-500-300	2,111
5020 Operations and Maintenance		OH Distribution Lines & Feeders-Labour	OH Distribution Lines & Feeders - Labour	1-5020-5000-500-100	14,440
5025 Operations and Maintenance		OH Distribution Lines & Feeders-Expense	OH Distribution Lines & Feeders - Expense	1-5025-5000-500-200	9,649
5030 Operations and Maintenance		OH Sub-Transmission Feeders	OH Sub-Transmission Feeders	1-5030-5000-500-100	1,159
5035 Operations and Maintenance		OH Distribution Transformers	OH Distribution Transformers	1-5035-5000-500-100	11,063
5040 Operations and Maintenance		U/G Distribution Lines & Feeders-Labour	U/G Distribution Lines & Feeders - Labour	1-5040-5000-500-100	1,596
5045 Operations and Maintenance		U/G Distribution Lines & Feeders-Expense	U/G Dist Ln & Feeders - Expense	1-5045-5000-500-200	2,261
5055 Operations and Maintenance		U/G Distribution Transformers-Operation	U/G Dist Transformers - Outside Labour	1-5055-5000-500-100	1,215
5065 Operations and Maintenance		Meter Expense	Meter Expense	1-5065-5000-500-100	46,006
5070 Operations and Maintenance		Customer Premises-Labour	Cust Premises - Outside Labour	1-5070-5000-500-100	19,867
5075 Operations and Maintenance		Customer Premises-Expense	Customer Premises - Expense	1-5075-5000-500-300	7,486
5085 Operations and Maintenance		Misc. Distribution Expense	Misc. Distribution Expense	1-5085-5000-500-100	101,231
5095 Operations and Maintenance		OH Distribution Lines & Feeders-Rental	OH Dist Line Feeder - Rental	1-5095-5000-500-518	0
5105 Operations and Maintenance		Maintenance Supervision & Engineering	R&M - Suprvsn & Engineer - Outside Labour	1-5105-5100-500-100	78,765
5110 Operations and Maintenance		Maintenance of Buildings & Fixtures	R&M - Buildings & Fixtures	1-5110-5100-500-534	323
5114 Operations and Maintenance		Distribution Statement Equipment-Expenses	Distribution Statement Equipment-Expenses	1-5114-5100-500-500	36,506
5120 Operations and Maintenance		Maintenance of Poles, Towers & Fixtures	Maintenance of Poles, Towers & Fixtures	1-5120-5100-500-100	7,406
5125 Operations and Maintenance		Maintenance of OH Conductors & Devices	Maintenance of OH Conductors and Devices	1-5125-5100-500-100	15,295
5130 Operations and Maintenance		Maintenance of OH Services	Maintenance of OH services	1-5130-5100-500-100	6,293
5135 Operations and Maintenance		OH Distribution Lines & Feeders	OH Distribution Lines & Feeders	1-5135-5100-500-100	81,340
5145 Operations and Maintenance		Maintenance of U/G Conduit	Maintenance of U/G Conduit	1-5145-5100-500-100	808
5150 Operations and Maintenance		Maintenance of U/G Conductors & Devices	Maintenance of U/G Conductors & Devices	1-5150-5100-500-100	0
5155 Operations and Maintenance		Maintenance of U/G services	Maintenance of U/G services	1-5155-5100-500-100	577
5160 Operations and Maintenance		Maintenance of Line Transformers	Maintenance of Line Transformers	1-5160-5100-500-100	3,504
5175 Operations and Maintenance		Maintenance of Meters	Maintenance of Meters	1-5175-5100-500-100	41,627
Total Operations and Maintenance					588,654

Wellington North Power Inc.

Part 1 - Income Statement

Part 1: Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description		Current Year	Income Statement
Billing & Collection						
5305	Billing & Collection	Supervision	B&C Supervision - Bill/Collect	1-5305-5300-510-527	0	
5310	Billing & Collection	Meter Reading	B&C Mtr Read - Outside Labour	1-5310-5300-510-100	132,036	
5315	Billing & Collection	Customer Billing	B&C - Cust Billing	1-5315-5300-510-150	93,900	
5320	Billing & Collection	Collecting	B&C - Collecting expenses	1-5320-5300-510-100	61,917	
5325	Billing & Collection	Collecting-Cash Over & Short	B&C - Cash Over & Short	1-5325-5300-510-543	-2	
5335	Billing & Collection	Bad Debt	B&C - Bad Debt Expense	1-5335-5300-510-544	20,389	
5340	Billing & Collection	Misc. Customer Accounts	B&C - Misc Customer Acct	1-5340-5300-510-150	45,885	
5410	Billing & Collection	Community Relations	Misc Community Relations	1-5410-5400-510-556	368	
5415	Billing & Collection	Energy Conservation Expense	Energy Conservation Expense	1-5415-5400-510-557	2,804	
5420	Billing & Collection	Community Safety Program	Community Safety Program	1-5420-5400-510-558	2,174	
5515	Billing & Collection	Advertising	Advertising Expenses	1-5515-5400-510-559	316	
Total Billing & Collection						359,586
Administrative & General						
5605	Administrative & General	Executive Salaries & Expenses	Executive Salary	1-5605-5600-520-150	163,594	
5610	Administrative & General	Management Salaries & Expenses	Management Salary	1-5610-5600-520-150	75,187	
5615	Administrative & General	General Administrative Salaries & Expenses	Administrative Salary Expense	1-5615-5600-520-150	55,223	
5620	Administrative & General	Office Supplies & Expenses	Office Supplies - Expenses	1-5620-5600-520-500	62,080	
5630	Administrative & General	Outside Service Employed	Outside Service Employed	1-5630-5600-520-549	56,688	
5635	Administrative & General	Property Insurance	Insurance	1-5635-5600-520-553	28,954	
5640	Administrative & General	Injuries & Damages	Credit Risk Insurance	1-5640-5600-520-565	10,530	
5645	Administrative & General	OMERS Pensions & Benefits	Employee Pension & Benefits	1-5645-5600-520-566	12,570	
5655	Administrative & General	Regulatory Expense	Regulatory Expense	1-5655-5600-520-150	155,218	
5665	Administrative & General	Miscellaneous General Expenses	Miscellaneous General Expenses	1-5665-5600-520-599	33,648	
5670	Administrative & General	Rent	Admin Rent Expense	1-5670-5600-520-518	114	
5680	Administrative & General	Electrical Safety Authority Fees	Admin Electrical Safety Auth Fee	1-5680-5600-520-563	5,390	
Total Administrative & General						659,195
Amortization						
5705	Amortization	Depreciation Expense	Amortization - Property, Plant and Equipment	1-5705-5700-530-010	639,018	
5725	Amortization	Misc. Depreciation	Amortization - Contributed Capital	1-5725-5700-530-005	-17,084	
Total Amortization						621,934
Interest Expense						
6005	Interest Expense	Interest on LT debt	Ltd Interest - SM Infrastructure	1-6005-6000-540-001	98,347	
6035	Interest Expense	Other Interest Expense	Int Exp - Short Term	1-6035-6000-540-001	35,302	
Total Interest Expense						133,649
Property taxes						
6105	Property taxes	Taxes Other Than Income Taxes	Taxes - Other Than Income	1-6105-6100-550-001	12,495	
						12,495
Recovery in lieu of income taxes						
6110	Property taxes	Income Taxes	Income Taxes - Fed&Prov	1-6110-6100-550-001	0	
						0
Donations						
6205	Donations	Donations	Donations	1-6205-6200-550-003	2,310	
						2,310
Total Expenses						2,377,824
Net Loss for the year						-20,685
Wellington North Power Inc.						Part 1 - Income Statement

Part 1: Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement	
Service Revenue						
4006	Service Revenue	Residential Energy Sales	Residential Sales	1-4006-0000-420-000	-1,861,089	
4025	Service Revenue	Street Lighting Energy Sales	Street Light - Energy Sales	1-4025-0000-400-000	-19,361	
4030	Service Revenue	Sentinel Lighting Energy Sales	Sentinel Light Sales	1-4030-0000-420-000	-1,655	
4035	Service Revenue	General Energy Sales	General - RSA	1-4035-0000-410-000	-4,878,146	
4050	Service Revenue	Revenue Adjustment	Unbilled Rev - Residential	1-4050-4000-400-000	-8,668	
4055	Service Revenue	Energy Sales for Resale	Resale	1-4055-0000-420-705	-1,061,103	
4062	Service Revenue	Billed WMS	Billed WMS - Residential	1-4062-4000-310-000	-553,462	
4066	Service Revenue	Billed NW	Billed NW - Residential	1-4066-4000-340-000	-520,983	
4068	Service Revenue	Billed CN	Billed CN - Residential	1-4068-4000-350-000	-344,028	
4075	Service Revenue	Billed LV	LV Billed - Residential	1-4075-4000-360-000	-144,954	
4324	Service Revenue	Special Purpose Charge Recovery	Spec Purp Chg - Residential	1-4324-4000-370-000	0	
Total Service Revenue						-9,393,450
Cost of Power						
4705	Cost of Power	Power Purchased	Power - Purchased	1-4705-4400-200-000	7,830,022	
4708	Cost of Power	Charges WMS	WMS Charges	1-4708-4400-110-003	553,462	
4710	Cost of Power	Cost of Power Adjustments	Power Adjustment	1-4710-4400-250-005	0	
4714	Cost of Power	Charges NW	Charges NW	1-4714-4400-140-005	520,983	
4716	Cost of Power	Charges CN	Charges CN	1-4716-4400-150-005	344,028	
4750	Cost of Power	Charges LV	LV Charges	1-4750-4400-160-010	144,954	
5681	Cost of Power	Special Purpose Charge	Special Purpose - RSA	1-5681-4400-170-010	0	
Total Cost of Power						9,393,450
Total						0
Distribution Services						
4080	Distribution Services	Distribution Services Revenue	Distribution Volumetric	1-4080-4000-610-000	-2,255,551	
4082	Distribution Services	Retail Services Revenue	Retail Services Revenue	1-4082-4300-655-801	-6,867	
4084	Distribution Services	STR Revenue	STR - Requests	1-4084-4300-660-800	-113	
Total Distribution Services						-2,262,531
Other Operation Revenue						
4210	Other Operation Revenue	Rent from Electric Property	Rent from Electric Property	1-4210-4340-710-800	-28,341	
4225	Other Operation Revenue	Late Payment Charges	Late Penalty Charges	1-4225-4340-720-800	-28,204	
4235	Other Operation Revenue	Misc. Service Revenues	Misc Rev - Utilismart Access	1-4235-4340-730-800	-55,389	
4325	Other Operation Revenue	Revenues from Merchandise	Jobbing Rev - Outside Labour	1-4325-4360-740-100	-31,749	
4330	Other Operation Revenue	Costs and Expenses of Merchandising	Jobbing Exp - Misc A/R - Labour	1-4330-4360-745-120	19,730	
4355	Other Operation Revenue	Gain on Disposition of Assets	Gain - Disposition Of Assets	1-4355-4360-750-001	-123	
4360	Other Operation Revenue	Loss on Disposition of Assets	Loss - Disposition Of Assets	1-4360-4360-755-001	5,076	
4375	Other Operation Revenue	Revenue from Non Rate-Regulated Utility Operations	Nonuty Rev - Outside Labour	1-4375-4360-760-100	-22,691	
4380	Other Operation Revenue	Expenses of Non Rate-Regulated Utility Operations	Nonuty Exp - Jobbing Labour	1-4380-4360-765-120	34,732	
4390	Other Operation Revenue	Misc. Non-Operating Income	Misc Nonops Rev - SCRA	1-4390-4360-770-003	-7,459	
4405	Other Operation Revenue	Interest and Dividend Income	Interest - Interest Eamed	1-4405-4380-810-001	-21,481	
Total Other Operating Revenue						-135,897
Total						-2,398,428

Wellington North Power Inc.

Part 1 - Income Statement

Part 1: Retained Earnings

Account	R/E Section	R/E Line Grouping	G/L Account Description	Current Year	Retained Earnings
Retained earnings, beginning of the year					
3045	Shareholders' Equity	Retained Earnings	Unappropriated Retained Earnings	-882,473	
3055	Shareholders' Equity	Retained Earnings	Adjustment To Retained Earnings	-78,488	
3045	Shareholders' Equity	Retained Earnings	Net Income (Loss) to Date	-20,605	
Retained earnings, end of the year					-979,565

RRR 2.1.13

**Uniform System of Account Balances Mapped and
Reconciled to Wellington North Power Inc.'s
Audited 2013 Financial Statements**

Part 1:

Cash Flow
Balance Sheet
Income Statement
Retained Earnings

Part 2:

Trial Balance by Account

Wellington North Power Inc.

Part 1: Cash-Flow

Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Operating Activities					
Net Income for the year					198,826
Items not involving cash					
Amortization of capital assets	1995	Asset	Property and Equipment	(515)	
	5705	Asset	Property and Equipment	458,250	457,735
Increase in post-employment benefits	2306	Liability	OPEB liability	14,402	14,402
			Employee Future Benefits		670,963
Change in non-cash working capital balances					
Accounts receivable	1100	Current Asset	Receivables	(134,024)	
	1102	Current Asset	Receivables	34,844	
	1104	Current Asset	Receivables	(12,444)	
	1120	Current Asset	Unbilled Revenue	(294,815)	
	1130	Current Asset	Receivables	4,400	
	1140	Current Asset	Receivables	(1,009)	
	1150	Current Asset	Receivables	1,515	(401,334)
Inventory	1330	Current Asset	Inventory	3,161	3,161
Prepaid expenses	1180	Current Asset	Prepayments	1,043	1,043
Accounts payable and accrued liabilities	2205	Current Liabilities	Payable	249,778	
	2208	Current Liabilities	Customer Credit	29,985	
	2220	Current Liabilities	Payables & Accruals	(46,035)	
	2250	Current Liabilities	Payable	27	
	2290	Current Liabilities	Payable	(2,975)	230,779
Payments in lieu of income taxes receivable or payable	2294	Current Liability	Liabilities	19,090	19,090
	2335	Liability	Customer Deposits	(33,157)	(33,157)
			Long Term Customer Deposits		490,545
Financing activities					
	2260	Current Liability	Liabilities	(71,684)	
	2520	Liability	Liabilities	1,645,240	1,573,556

Wellington North Power Inc.

Part 1: Cash-Flow

Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement
Investing activities					
Purchase of capital assets					
	1806	Asset	Intangible Assets	(10,769)	
	1808	Asset	Property and Equipment	(3,450)	
	1820	Asset	Property and Equipment	(49,699)	
	1830	Asset	Property and Equipment	(102,842)	
	1835	Asset	Property and Equipment	(69,864)	
	1845	Asset	Property and Equipment	(5,537)	
	1850	Asset	Property and Equipment	(74,377)	
	1855	Asset	Property and Equipment	(46,628)	
	1880	Asset	Property and Equipment	(25,440)	
	1915	Asset	Property and Equipment	(16,600)	
	1920	Asset	Property and Equipment	(8,886)	
	1925	Asset	Property and Equipment	(10,143)	
	1930	Asset	Property and Equipment	(309,831)	
	1955	Asset	Property and Equipment	(2,009)	
					(735,844)
Net change in regulatory assets					
	1508	Asset/Liab	Regulatory Assets/Liab	(675)	
	1518	Asset/Liab	Regulatory Assets/Liab	(15,187)	
	1548	Asset/Liab	Regulatory Assets/Liab	(902)	
	1550	Asset/Liab	Regulatory Assets/Liab	(36,821)	
	1551	Asset/Liab	Regulatory Assets/Liab	(5,473)	
	1555	Asset/Liab	Regulatory Assets/Liab	122,541	
	1563	Asset/Liab	Regulatory Assets/Liab	(5,372)	
	1568	Asset/Liab	Regulatory Assets/Liab	660	
	1580	Asset/Liab	Regulatory Assets/Liab	74,290	
	1584	Asset/Liab	Regulatory Assets/Liab	14,895	
	1586	Asset/Liab	Regulatory Assets/Liab	18,818	
	1588	Asset/Liab	Regulatory Assets/Liab	46,297	
	1589	Asset/Liab	Regulatory Assets/Liab	(89,204)	
	1595	Asset/Liab	Regulatory Assets/Liab	(406,675)	
					(283,006)
Net change in other liabilities					
	2335	Liability	Other Liabilities	(30,020)	
					(30,020)
					(1,048,870)
Cash, beginning of the year					
	1005	Current Assets	Cash	(102,272)	
	1010	Current Assets	Cash	380	
					(101,892)
Cash, end of the year					913,338

Wellington North Power Inc.

Part 1: Balance Sheet						
Account	B/S Section	B/S Line Grouping	G/L Account Description		Current Year	Balance Sheet
ASSETS						
Current Assets						
	1005	Current Assets	Cash	Bank - TD Canada Trust	1-1005-1000-005-001	912,969
	1010	Current Assets	Cash	Cash - Float	1-1010-1000-010-001	380
						<u>913,339</u>
	1100	Current Asset	Receivables	Customer A/R - Energy Sales	1-1100-1100-100-001	1,442,563
	1102	Current Asset	Receivables	Accounts Receivable - Services	1-1102-1100-102-001	(35,421)
	1104	Current Asset	Receivables	A/R - Recoverable Work	1-1104-1100-104-001	39,828
	1120	Current Asset	Unbilled Revenue	Unbilled Revenue	1-1120-1100-120-001	1,353,028
	1130	Current Asset	Receivables	Uncollectible Accts - Credit	1-1130-1100-130-001	(20,293)
	1140	Current Asset	Receivables	Interest & Dividends Receivable	1-1140-1100-140-001	1,784
						<u>2,781,469</u>
	1330	Current Asset	Inventory	Inventory	1-1330-1300-330-001	82,221
						<u>82,221</u>
	1180	Current Asset	Prepayments	Prepayments	1-1180-1100-180-001	58,398
						<u>58,398</u>
Total Current Assets						<u>3,835,427</u>
Capital Assets						
	1805	Asset	Property and Equipment	Land	1-1805-1800-805-001	41,988
	1812	Asset	Intangible Assets	Land - Rights/Easements	1-1812-1800-812-001	19,240
	1808	Asset	Property and Equipment	Buildings & Fixtures	1-1808-1800-808-001	504,893
	1820	Asset	Property and Equipment	Sub Stations	1-1820-1800-820-001	1,089,031
	1830	Asset	Property and Equipment	Poles Towers & Fixtures	1-1830-1800-830-001	2,906,813
	1835	Asset	Property and Equipment	O/H Conductors & Devices	1-1835-1800-835-001	2,075,844
	1840	Asset	Property and Equipment	Underground Conduit	1-1840-1800-840-001	151,377
	1845	Asset	Property and Equipment	U/G Conductors & Devices	1-1845-1800-845-001	482,322
	1850	Asset	Property and Equipment	Line Transformers	1-1850-1800-850-001	1,347,072
	1855	Asset	Property and Equipment	Services - Distribution	1-1855-1800-855-001	602,770
	1860	Asset	Property and Equipment	Meters	1-1860-1800-860-001	882,740
	1915	Asset	Property and Equipment	Office Furniture & Equip	1-1915-1900-915-001	166,340
	1920	Asset	Property and Equipment	Computer Hardware	1-1920-1900-920-001	290,536
	1925	Asset	Property and Equipment	Software	1-1925-1900-925-001	931,248
	1930	Asset	Property and Equipment	Transportation Equipment	1-1930-1900-930-001	1,037,135
	1935	Asset	Property and Equipment	Stores Equipment	1-1935-1900-935-001	16,649
	1940	Asset	Property and Equipment	Tools, Shop & Garage Equipment	1-1940-1900-940-001	95,979
	1945	Asset	Property and Equipment	Measurement & Testing Equipment	1-1945-1900-945-001	1,964
	1955	Asset	Property and Equipment	Communication Equipment	1-1955-1900-955-001	32,290
	1980	Asset	Property and Equipment	System Supervisory Equipment	1-1980-1900-980-001	348,127
	1995	Asset	Property and Equipment	Contributed Capital	1-1995-1900-995-001	(394,564)
	2055	Asset	Property and Equipment	Work In Process	1-2055-2000-005-001	16,175
	2105	Asset	Property and Equipment	Acc Amort - Buildings	1-2105-2100-105-002	(6,807,611)
Total Capital Assets						<u>5,818,357</u>
Other Assets						
	1480	Asset	Future Income Taxes	Other - Non Current Assets	1-1480-1400-480-001	2,145
Total Other Assets						<u>2,145</u>
Wellington North Power Inc.						

Part 1: Balance Sheet						
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet	
Regulatory Assets						
1508	Asset	Regulatory Assets	Reg - Incremental Cap-Hydro	1-1508-1500-508-102	47,621	
1525	Asset	Regulatory Assets	Def'd Debits - Prior to 2008	1-1525-1500-525-101	(5)	
1551	Asset	Regulatory Assets	SM entity charge variance	1-1551-1500-551-101	5,473	
1555	Asset	Regulatory Assets	Str Meter Interest Improvement	1-1555-1500-555-202	57,896	
1563	Asset	Regulatory Assets	Def'd PILS Contra Acct	1-1563-1500-563-101	(2,012)	
1592	Asset	Regulatory Assets	PILS&Tax Var - From 2006 Cos	1-1592-1500-592-101	3,781	
Total Regulatory Assets						112,753
Future Income Taxes						
1460	Asset	Future Income Taxes	Other - Future Income Tax	1-1460-1400-460-002	310,000	
Total Future Income Taxes						310,000
Total Assets						10,078,682
Liabilities and Shareholders' Equity						
Current Liabilities						
2205	Current Liabilities		Accounts Payable	1-2205-2200-205-001	2,071,590	
2208	Current Liabilities		Cust Credit Bal - Equal Billing	1-2208-2200-208-002	68,597	
2220	Current Liabilities		Accrued Accounts Payable	1-2220-2200-220-001	199,288	
2250	Current Liabilities		Debt Retirement A/P - Residential	1-2250-2200-250-000	(714)	
2290	Current Liabilities		HST Federal 5% - A/P	1-2290-2200-290-020	(12,355)	
						2,326,406
2294	Current Liabilities		Accrual - Payments In Lieu	1-2294-2200-294-001	6,580	
						6,580
2260	Current Liabilities	Payable	Current Portion of Long Term Debt	1-2260-2200-260-001	184,267	
						184,267
1518	Current Liabilities	Regulatory Liabilities	RCVA Retail - Variance	1-1518-1500-518-101	16,824	
1521	Current Liabilities	Regulatory Liabilities	Spec Purpose - Interest Improvement	1-1521-1500-521-201	14	
1548	Current Liabilities	Regulatory Liabilities	RCVA STR - Variance	1-1548-1500-548-101	(2,876)	
1550	Current Liabilities	Regulatory Liabilities	RSVA LV - Variance	1-1550-1500-550-101	3,624	
1568	Current Liabilities	Regulatory Liabilities	LRAM Residential - Variance	1-1568-1500-568-101	990	
1580	Current Liabilities	Regulatory Liabilities	RSVA WMS - Variance	1-1580-1500-580-101	330,117	
1584	Current Liabilities	Regulatory Liabilities	RSVA NW - Variance	1-1584-1500-584-101	2,963	
1586	Current Liabilities	Regulatory Liabilities	RSVA CN - Variance	1-1586-1500-586-101	83,592	
1588	Current Liabilities	Regulatory Liabilities	RSVA Power - Variance	1-1588-1500-588-101	(256,806)	
1589	Current Liabilities	Regulatory Liabilities	RSVA Non-RPP GA - Variance	1-1589-1500-589-101	115,748	
1595	Current Liabilities	Regulatory Liabilities	2008 COS Interest Improvement	1-1595-1500-595-201	161,587	
2350	Current Liabilities	Future Income Taxes	Deferred Tax - Non-Current Liability	1-2350-2300-350-001	310,000	
Total Current Liabilities						765,444
						3,282,697

Wellington North Power Inc.

Part 1: Balance Sheet

Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Notes Payable	2520	Liability	Other Non-Current Debt Long Term Debt	1-2520-2500-520-001 3,481,766	3,481,766
Other Liabilities	2320	Liability	Other Liabilities Non-Current Miscellaneous Liabilities	1-2320-2300-320-001 127,349	127,349
Customer Deposits	2335	Liability	Other Liabilities Non-Current Customer Deposits	1-2335-2300-335-001 234,755	234,755
Post-Employment Benefits	2306	Liability	OPEB Liability Employee Future Benefits	1-2306-2300-306-001 139,323	139,323
Total Liabilities					3,983,192
Shareholders' Equity	3005	Shareholders' Equity	Common Shares Common Shares	1-3005-3000-305-000 1,634,404	1,634,404
	3045	Shareholders' Equity	Retained Earnings Unappropriated Retained Earnings	1-3045-3000-345-000 1,101,900	1,101,900
	3055	Shareholders' Equity	Retained Earnings Adjustment To Retained Earnings	1-3055-3000-355-001 78,488	78,488
					1,178,388
					2,812,792
Total Liabilities and Shareholders' Equity					10,078,682

Wellington North Power Inc.

Part 1: Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement	
Service Revenue						
4006 Service Revenue		Residential Energy Sales	Residential Sales	1-4006-0000-420-000	2,092,797	
4025 Service Revenue		Street Lighting Energy Sales	Street Light - Energy Sales	1-4025-0000-400-000	59,802	
4030 Service Revenue		Sentinel Lighting Energy Sales	Sentinel Light Sales	1-4030-0000-420-000	1,775	
4035 Service Revenue		General Energy Sales	General - RSA	1-4035-0000-410-000	5,277,967	
4050 Service Revenue		Revenue Adjustment	Unbilled Rev - Residential	1-4050-4000-400-000	282,763	
4055 Service Revenue		Energy Sales for Resale	Resale	1-4055-0000-420-705	1,868,438	
4062 Service Revenue		Billed WMS	Billed WMS - Residential	1-4062-4000-310-000	541,501	
4068 Service Revenue		Billed NW	Billed NW - Residential	1-4068-4000-340-000	637,831	
4068 Service Revenue		Billed CN	Billed CN - Residential	1-4068-4000-350-000	389,080	
4075 Service Revenue		Billed LV	LV Billed - Residential	1-4075-4000-360-000	204,500	
4076 Service Revenue		SM Entity Charge	SM Entity Charge	1-4076-4000-370-000	25,415	
Total Service Revenue						11,381,869
Cost of Power						
4705 Cost of Power		Power Purchased	Power - Purchased	1-4705-4400-200-000	5,209,014	
4707 Cost of Power		Power Purchased	Power - Purchased	1-4707-4400-221-000	4,374,528	
4708 Cost of Power		Charges WMS	WMS Charges	1-4708-4400-110-003	541,501	
4714 Cost of Power		Charges NW	Charges NW	1-4714-4400-140-005	637,831	
4716 Cost of Power		Charges CN	Charges CN	1-4716-4400-150-005	389,080	
4750 Cost of Power		Charges LV	LV Charges	1-4750-4400-160-010	204,500	
4751 Cost of Power					25,415	
Total Cost of Power						(11,381,869)
Total						-
Distribution Services						
4080 Distribution Services		Distribution Services Revenue	Distribution Volumetric	1-4080-4000-610-000	2,429,792	
Total Distribution Services						2,429,792
Other Operation Revenue						
4082 Distribution Services		Retail Services Revenue	Retail Services Revenue	1-4082-4300-655-801	6,317	
4084 Distribution Services		STR Revenue	STR - Requests	1-4084-4300-660-800	49	
4210 Other Operation Revenue		Rent from Electric Property	Rent from Electric Property	1-4210-4340-710-800	28,685	
4225 Other Operation Revenue		Late Payment Charges	Late Penalty Charges	1-4225-4340-720-800	26,086	
4235 Other Operation Revenue		Misc. Service Revenues	Misc Rev - Utilisat Access	1-4235-4340-730-800	52,799	
4325 Other Operation Revenue		Revenues from Merchandise	Jobbing Rev - Outside Labour	1-4325-4360-740-100	50	
4330 Other Operation Revenue		Costs and Expenses of Merchandising	Jobbing Exp - Misc A/R - Labour	1-4330-4360-745-120	185	
4355 Other Operation Revenue		Gain on Disposition of Assets	Gain - Disposition Of Assets	1-4355-4360-750-001	5,000	
4360 Other Operation Revenue		Loss - Disposition of Assets	Loss - Disposition of Assets	1-4360-4360-755-001	(21,426)	
4375 Other Operation Revenue		Revenue from Non Rate-Regulated Utility Operations	Nonuty Rev - Outside Labour	1-4375-4360-760-100	40,716	
4380 Other Operation Revenue		Expenses of Non Rate-Regulated Utility Operations	Nonuty Exp - Jobbing Labour	1-4380-4360-765-120	(42,658)	
4390 Other Operation Revenue		Misc. Non-Operating Income	Misc Nonops Rev - SCRA	1-4390-4360-770-003	135	
4405 Other Operation Revenue		Interest and Dividend Income	Interest - Interest Earned	1-4405-4360-810-001	18,325	
Total Other Operating Revenue						114,262
Total						2,544,054

Wellington North Power Inc.

Part 1: Income Statement					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
Expenses					
Operations and Maintenance					
5005 Operations and Maintenance	Operation Supervision and Engineering	Operation Supervision and Engineering	1-5005-5000-500-100	92,197	
5012 Operations and Maintenance	Station Buildings and Fixtures	Stn Bldg & Fixtures - Expenses	1-5012-5000-500-500	14,109	
5016 Operations and Maintenance	Distribution Statement Equipment-Labour	Dist Stn Equipment - Outside Labour	1-5016-5000-500-100	3,940	
5017 Operations and Maintenance	Distribution Statement Equipment-Expense	Distribution Statement Equipment-Expense	1-5017-5000-500-300	1,936	
5020 Operations and Maintenance	O/H Distribution Lines & Feeders-Labour	O/H Distribution Lines & Feeders - Labour	1-5020-5000-500-100	15,645	
5025 Operations and Maintenance	O/H Distribution Lines & Feeders-Expense	O/H Distribution Lines & Feeders - Expense	1-5025-5000-500-200	21,549	
5030 Operations and Maintenance	O/H Sub-Transmission Feeders	O/H Sub-Transmission Feeders	1-5030-5000-500-100	363	
5035 Operations and Maintenance	O/H Distribution Transformers	O/H Distribution Transformers	1-5035-5000-500-100	39,889	
5040 Operations and Maintenance	U/G Distribution Lines & Feeders-Labour	U/G Distribution Lines & Feeders-Labour	1-5040-5000-500-100	259	
5045 Operations and Maintenance	U/G Distribution Lines & Feeders-Expense	U/G Dist Ln & Feeders - Expense	1-5045-5000-500-200	5,559	
5055 Operations and Maintenance	U/G Distribution Transformers-Operation	U/G Dist Transformers - Outside Labour	1-5055-5000-500-100	1,314	
5065 Operations and Maintenance	Meter Expense	Meter Expense	1-5065-5000-500-100	52,353	
5070 Operations and Maintenance	Customer Premises-Labour	Cust Premises - Outside Labour	1-5070-5000-500-100	22,542	
5075 Operations and Maintenance	Customer Premises-Expense	Customer Premises - Expense	1-5075-5000-500-300	9,888	
5085 Operations and Maintenance	Misc. Distribution Expense	Misc. Distribution Expense	1-5085-5000-500-100	66,789	
5105 Operations and Maintenance	Maintenance Supervision & Engineering	R&M - Suprvsn & Engineer - Outside Labour	1-5105-5100-500-100	55,011	
5110 Operations and Maintenance	Maintenance of Buildings & Fixtures	R&M - Buildings & Fixtures	1-5110-5100-500-534	255	
5114 Operations and Maintenance	Distribution Station Equipment	Distribution Station Equipment	1-5114-5100-500-500	46,451	
5120 Operations and Maintenance	Maintenance of Poles, Towers & Fixtures	Maintenance of Poles, Towers & Fixtures	1-5120-5100-500-100	6,374	
5125 Operations and Maintenance	Maintenance of O/H Conductors & Devices	Maintenance of O/H Conductors and Devices	1-5125-5100-500-100	6,288	
5130 Operations and Maintenance	Maintenance of O/H Services	Maintenance of O/H services	1-5130-5100-500-100	10,337	
5135 Operations and Maintenance	O/H Distribution Lines & Feeders	O/H Distribution Lines & Feeders	1-5135-5100-500-100	62,897	
5145 Operations and Maintenance	Maintenance of U/G Conduit	Maintenance of U/G Conduit	1-5145-5100-500-100	3,920	
5150 Operations and Maintenance	Maintenance of U/G Conductors & Devices	Maintenance of U/G Conductors & Devices	1-5150-5100-500-100	1,035	
5155 Operations and Maintenance	Maintenance of U/G services	Maintenance of U/G services	1-5155-5100-500-100	4,922	
5160 Operations and Maintenance	Maintenance of Line Transformers	Maintenance of Line Transformers	1-5160-5100-500-100	6,912	
5175 Operations and Maintenance	Maintenance of Meters	Maintenance of Meters	1-5175-5100-500-100	35,140	
Total Operations and Maintenance					587,974

Wellington North Power Inc.

Part 1: Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description		Current Year	Income Statement
Billing & Collection						
5310	Billing & Collection	Meter Reading	B&C Mtr Read - Outside Labour	1-5310-5300-510-100	86,292	
5315	Billing & Collection	Customer Billing	B&C - Cust Billing	1-5315-5300-510-150	111,354	
5320	Billing & Collection	Collecting	B&C - Collecting expenses	1-5320-5300-510-100	77,459	
5325	Billing & Collection	Collecting-Cash Over & Short	B&C - Cash Over & Short	1-5325-5300-510-543	0	
5335	Billing & Collection	Bad Debt	B&C - Bad Debt Expense	1-5335-5300-510-544	19,954	
5340	Billing & Collection	Misc. Customer Accounts	B&C - Misc Customer Acvct	1-5340-5300-510-150	58,266	
5410	Billing & Collection	Community Relations	Misc Community Relations	1-5410-5400-510-556	3,552	
5415	Billing & Collection	Energy Conservation Exp	Energy Conservation Exp	1-5415-5400-510-557	3,229	
5420	Billing & Collection	Community Safety Program	Community Safety Program	1-5420-5400-510-558	3,116	
Total Billing & Collection						343,220
Administrative & General						
5605	Administrative & General	Executive Salaries & Expenses	Executive Salary	1-5605-5600-520-150	244,378	
5610	Administrative & General	Management Salaries & Expenses	Management Salary	1-5610-5600-520-150	163,185	
5615	Administrative & General	General Administrative Salaries & Expenses	Administrative Salary Expense	1-5615-5600-520-150	89,978	
5620	Administrative & General	Office Supplies & Expenses	Office Supplies - Expenses	1-5620-5600-520-500	56,948	
5630	Administrative & General	Outside Service Employed	Outside Service Employed	1-5630-5600-520-549	102,000	
5635	Administrative & General	Property Insurance	Insurance	1-5635-5600-520-553	33,665	
5640	Administrative & General	Injuries & Damages	Credit Risk Insurance	1-5640-5600-520-565	11,270	
5645	Administrative & General	OMERS Pensions & Benefits	Employee Pension & Benefits	1-5645-5600-520-566	14,402	
5655	Administrative & General	Regulatory Expense	Regulatory Expense	1-5655-5600-520-150	75,762	
5665	Administrative & General	General Expense	General Expense	1-5665-5600-520-511	34,076	
5680	Administrative & General	Electrical Safety Authority Fees	Admin Electrical Safety Auth Fee	1-5680-5600-520-563	4,384	
Total Administrative & General						810,048
Amortization						
5705	Amortization	Depredation Expense	Amortization - Property, Plant and Equipment	1-5705-5700-530-010	458,249	
5725	Amortization	Misc. Depreciation	Amortization - Contributed Capital	1-5725-5700-530-005	(515)	
Total Amortization						457,735
Interest Expense						
6005	Interest Expense	Interest on LT debt	Ltd Interest - SM Infrastructure	1-6005-6000-540-001	96,400	
6035	Interest Expense	Other Interest Expense	Int Exp - Short Term	1-6035-6000-540-001	14,991	
Total Interest Expense						111,391
Property taxes						
6105	Property taxes	Taxes Other Than Income Taxes	Taxes - Other Than Income	1-6105-6100-550-001	12,930	
6205	Property taxes	Donation	Donation	1-6200-6200-550-002	2,840	
Total Expenses						15,770
Earnings before income taxes						2,326,138
Income Taxes						217,916
Net Earnings	6110	Income Tax	Income Taxes	Income Taxes - Fed&Prov	1-6110-6100-550-001	19,090
						198,826
Retained Earnings, beginning of year						979,562
Retained Earnings, end of year						1,178,388
Wellington North Power Inc.						

Wellington North Power Inc.

RRR 2.1.13

**Uniform System of Account Balances Mapped and
Reconciled to Wellington North Power Inc.'s
Audited 2014 Financial Statements**

Contents

[2.1.13 Cash Flow](#)

[2.1.13 Balance Sheet](#)

[2.1.13 Income Statement](#)

[2.1.13 Trial Bal by Account](#)

Wellington North Power Inc.

Cash-Flow						
Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement	
Operating Activities						
Net Income for the year						197,818.01
Items not Involving cash						
Amortization of capital assets						
1995	Asset	Property and Equipment	Contributed Capital	-10,194.02		
5705	Asset	Property and Equipment	Depreciation - Buildings	474,204.47		
						464,010.45
Increase in post-employment benefits						
2306	Liability	OPEB liability	Employee Future Benefits	2,717.00		
						2,717.00
4355-4360	Asset	Property and Equipment	Gain on Disposal of Capital Assets	-494.00		
						-494.00
						664,051.46
Change in non-cash working capital balances						
Accounts receivable						
1100	Current Asset	Receivables	Customer A/R - Energy Sales	-143,303.56		
1102	Current Asset	Receivables	Accounts Receivable - Services	-3,508.57		
1104	Current Asset	Receivables	A/R - Recoverable Work	9,806.62		
1120	Current Asset	Unbilled Revenue	Unbilled Revenue	79,978.26		
1130	Current Asset	Receivables	Uncollectible Accts - Credit	1,727.40		
1140	Current Asset	Receivables	Interest & Dividends Receivable	1,490.73		
1150	Current Asset	Receivables	Rents Receivable	0.00		
						-53,809.12
Inventory						
1330	Current Asset	Inventory	Inventory	-27,631.23		
						-27,631.23
Prepaid expenses						
1180	Current Asset	Prepayments	Prepayments	40,912.95		
						40,912.95
Accounts payable and accrued liabilities						
2205	Current Liabilities	Payable	Accounts Payable and Accrued A/P	517,234.36		
2208	Current Liabilities	Customer Credit	Cust Credit Balance	-64,118.98		
2220	Current Liabilities	Payables & Accruals	Accrued Accounts Payable	-68,564.31		
2250	Current Liabilities	Payable	Debt Retirement A/P	-267.00		
2290	Current Liabilities	Payable	HST Federal	-17,500.00		
						366,784.07
Payments in lieu of income taxes receivable or payable						
2294	Current Liability	Liabilities	Accrual - Payments In Lieu	8,073.00		
						8,073.00
2335	Liability	Customer Deposits	Long Term Customer Deposits	-16,773.72		
						-16,773.72
						981,607.41
Financing activities						
2260	Current Liability	Liabilities	Prepayment of long term debt	-184,267.00		
2520	Liability	Liabilities	Proceeds from new debt	0.00		
						-184,267.00

Wellington North Power Inc.

Cash-Flow						
Account	C/F Section	C/F Line Grouping	G/L Account Description	Current Year	Cash Flows Statement	
Investing activities						
Purchase of capital assets						
1805	Asset	Intangible Assets	Land - Rights/Easements	-9,411.10		
1808	Asset	Property and Equipment	Buildings & Fixtures	-4,250.00		
1820	Asset	Property and Equipment	Sub Stations	-238,366.21		
1830	Asset	Property and Equipment	Poles Towers & Fixtures	-91,243.18		
1835	Asset	Property and Equipment	O/H Conductors & Devices	-51,847.17		
1845	Asset	Property and Equipment	U/G Conductors & Devices	-123,029.26		
1850	Asset	Property and Equipment	Line Transformers	-60,073.06		
1855	Asset	Property and Equipment	Services - Distribution	-63,349.30		
1860	Asset	Property and Equipment	Meters	-15,062.00		
1915	Asset	Property and Equipment	Office Furniture & Equip	0.00		
1920	Asset	Property and Equipment	Computer Hardware	-18,484.39		
1925	Asset	Property and Equipment	Software	-10,319.64		
1930	Asset	Property and Equipment	Transportation Equipment	0.00		
1940	Asset	Property and Equipment	Tools, Shop & Garage Equipment	-3,339.69		
1995	Asset	Property and Equipment	Contributed Capital	113,297.00		
						-623,498.00
Net change in regulatory assets						
1508	Asset/Liab	Regulatory Assets/Liab	Other Regulatory Assets	-1,361,090.09		
1510	Asset/Liab	Regulatory Assets/Liab	Preliminary Survey and Investigation Charge	-50,358.10		
1518	Asset/Liab	Regulatory Assets/Liab	RCVA Retail and Variance Account	-19,964.47		
1548	Asset/Liab	Regulatory Assets/Liab	RCVA STR and Variance Account	-982.77		
1550	Asset/Liab	Regulatory Assets/Liab	RSVA LV and Variance Account	-84,452.49		
1551	Asset/Liab	Regulatory Assets/Liab	SM Entry Charge	3,295.73		
1555	Asset/Liab	Regulatory Assets/Liab	Smart Meter Cap and Variance Account	51,398.32		
1563	Asset/Liab	Regulatory Assets/Liab	Def'd PILS Contra Acct	-2,576.51		
1568	Asset/Liab	Regulatory Assets/Liab	LRAM	-276.89		
1580	Asset/Liab	Regulatory Assets/Liab	RSVA WMS and Variance Account	-248,249.92		
1584	Asset/Liab	Regulatory Assets/Liab	RSVA NW - Variance	50,821.96		
1586	Asset/Liab	Regulatory Assets/Liab	RSVA CN and Variance Account	-44,524.34		
1588	Asset/Liab	Regulatory Assets/Liab	RSVA Power and Variance Account	182,126.25		
1589	Asset/Liab	Regulatory Assets/Liab	RSVA CN and Variance Account	-266,777.23		
1595	Asset/Liab	Regulatory Assets/Liab	Disposition and Recovery/Refund of Regulatory Balances Control Account	-142,275.42		
						-1,933,885.97
Net change in other liabilities						
4335	Asset	Property and Equipment	Proceeds from sale of PPE	17,500.00		
						17,500.00
						-2,539,883.97
Cash, beginning of the year						
1005	Current Assets	Cash	Bank - TD Canada Trust	912,959.00		
1010	Current Assets	Cash	Cash - Float	380.00		
						913,339.00
Cash, end of the year						-829,204.56
Wellington North Power Inc.						

Balance Sheet						
Account	B/S Section	B/S Line Grouping	GL Account Description	Current Year	Balance Sheet	
ASSETS						
Current Assets						
1005	Current Assets	Cash	Bank - TD Canada Trust	1-1005-1000-005-001	-724,596.19	
1010	Current Assets	Cash	Cash - Float	1-1010-1000-010-001	380.00	
					-724,206.19	
1100	Current Asset	Receivables	Customer AR - Energy Sales	1-1100-1100-100-001	1,585,866.71	
1102	Current Asset	Receivables	Accounts Receivable - Services	1-1102-1100-102-001	-31,912.62	
1104	Current Asset	Receivables	AR - Recoverable Work	1-1104-1100-104-001	30,022.14	
1120	Current Asset	Unbilled Revenue	Unbilled Revenue	1-1120-1100-120-001	1,273,049.38	
1130	Current Asset	Receivables	Uncollectible Accts - Credit	1-1130-1100-130-001	-22,320.18	
1140	Current Asset	Receivables	Interest & Dividends Receivable	1-1140-1100-140-001	273.04	
					2,835,278.45	
1330	Current Asset	Inventory	Inventory	1-1330-1300-330-001	109,852.32	
					109,852.32	
1180	Current Asset	Prepayments	Prepayments	1-1180-1100-180-001	17,484.77	
					17,484.77	
1518	Current Liabilities	Regulatory Liabilities	RCVA Retail - Variance	1-1518-1500-518-101	3,140.84	
1548	Current Liabilities	Regulatory Liabilities	RCVA STR - Variance	1-1548-1500-548-101	3,800.38	
1550	Current Liabilities	Regulatory Liabilities	RSVA LV - Variance	1-1550-1500-550-101	80,828.45	
1560	Current Liabilities	Regulatory Liabilities	RSVA WMS - Variance	1-1560-1500-560-101	-81,807.05	
1564	Current Liabilities	Regulatory Liabilities	RSVA NW - Variance	1-1564-1500-564-101	-63,785.20	
1568	Current Liabilities	Regulatory Liabilities	RSVA CN - Variance	1-1568-1500-568-101	-39,068.06	
1568	Current Liabilities	Regulatory Liabilities	RSVA Power - Variance	1-1568-1500-568-101	74,881.40	
1569	Current Liabilities	Regulatory Liabilities	RSVA Non-RPP GA - Variance	1-1569-1500-569-101	151,029.59	
					138,820.35	
Total Current Assets					2,377,229.70	
Capital Assets						
1805	Asset	Property and Equipment	Land	1-1805-1800-805-001	41,387.65	
1812	Asset	Intangible Assets	Land - Rights/Easements	1-1812-1800-812-001	28,850.65	
1808	Asset	Property and Equipment	Buildings & Fixtures	1-1808-1800-808-001	509,143.42	
1820	Asset	Property and Equipment	Sub Stations	1-1820-1800-820-001	1,230,988.83	
1830	Asset	Property and Equipment	Poles Towers & Fixtures	1-1830-1800-830-001	2,991,002.82	
1835	Asset	Property and Equipment	OHT Conductors & Devices	1-1835-1800-835-001	2,127,691.53	
1840	Asset	Property and Equipment	Underground Conduit	1-1840-1800-840-001	151,377.07	
1845	Asset	Property and Equipment	UG Conductors & Devices	1-1845-1800-845-001	804,888.23	
1850	Asset	Property and Equipment	Line Transformers	1-1850-1800-850-001	1,435,369.08	
1855	Asset	Property and Equipment	Services - Distribution	1-1855-1800-855-001	673,845.05	
1860	Asset	Property and Equipment	Meters	1-1860-1800-860-001	880,611.20	
1915	Asset	Property and Equipment	Office Furniture & Equip	1-1915-1900-915-001	168,339.65	
1920	Asset	Property and Equipment	Computer Hardware	1-1920-1900-920-001	309,020.85	
1925	Asset	Property and Equipment	Software	1-1925-1900-925-001	941,568.05	
1930	Asset	Property and Equipment	Transportation Equipment	1-1930-1900-930-001	833,656.36	
1935	Asset	Property and Equipment	Stores Equipment	1-1935-1900-935-001	6,476.37	
1940	Asset	Property and Equipment	Tools, Shop & Garage Equipment	1-1940-1900-940-001	99,318.99	
1945	Asset	Property and Equipment	Measurement & Testing Equipment	1-1945-1900-945-001	1,964.22	
1955	Asset	Property and Equipment	Communication Equipment	1-1955-1900-955-001	30,252.65	
1960	Asset	Property and Equipment	System Supervisory Equipment	1-1960-1900-960-001	348,126.86	
1995	Asset	Property and Equipment	Contributed Capital	1-1995-1900-995-001	-433,695.65	
2055	Asset	Property and Equipment	Work in Process	1-2055-2000-005-001	0.00	
2105	Asset	Property and Equipment	Acc Amort - Buildings	1-2105-2100-105-002	-7,017,801.96	
Total Capital Assets					5,960,830.64	
Other Assets						
1460	Asset	Future Income Taxes	Other - Non Current Assets	1-1460-1400-460-001	2,145.28	
Total Other Assets					2,145.28	

Wellington North Power Inc.

Balance Sheet						
Account	B/S Section	B/S Line Grouping	GL Account Description	Current Year	Balance Sheet	
Regulatory Assets						
1508 Asset Regulatory Assets	Reg - Incremental Cap-Hyds	1-1508-1500-508-102	1,408,711.06			
1525 Asset Regulatory Assets	Def'd Debits - Prior to 2008	1-1525-1500-525-101	-5.00			
1510 Asset Regulatory Assets	Preliminary Survey and Investigation Charges		50,358.10			
1551 Asset Regulatory Assets	SM entity charge variance	1-1551-1500-551-101	2,176.81			
1555 Asset Regulatory Assets	SM Meter Interest Improvement	1-1555-1500-555-202	6,497.55			
1563 Asset Regulatory Assets	Def'd PILS Contra Acc	1-1563-1500-563-101	594.59			
1568 Current Liabilities Regulatory Liabilities	LRAM Residential - Variance	1-1568-1500-568-101	-382.62			
1592 Asset Regulatory Assets	PILS&Tax Var - From 2008 Cos	1-1592-1500-592-101	3,781.00			
Total Regulatory Assets						1,471,701.49
Future Income Taxes						
1460 Asset Future Income Taxes	Other - Future Income Tax	1-1460-1400-460-002	296,000.00			
Total Future Income Taxes						296,000.00
Total Assets						10,107,814.31
Liabilities and Shareholders' Equity						
Current Liabilities						
2225 Current Liabilities	Bank Indebtedness		-105,000.00			
2205 Current Liabilities	Accounts Payable	1-2205-2200-205-001	-2,588,824.19			
2208 Current Liabilities	Cust Credit Bal - Equal Billing	1-2208-2200-208-002	-4,476.21			
2220 Current Liabilities	Accrued Accounts Payable	1-2220-2200-220-001	-130,734.15			
2250 Current Liabilities	Debt Retirement AP - Residential	1-2250-2200-250-000	0.00			
2290 Current Liabilities	HST Federal 5% - AP	1-2290-2200-290-020	0.00			
2294 Current Liabilities	Accrual - Payments In Lieu	1-2294-2200-294-001	-29,612.86			
						-29,612.86
2260 Current Liabilities Payable	Current Portion of Long Term Debt	1-2260-2200-260-001	-190,537.55			
						-190,537.55
1521 Current Liabilities Regulatory Liabilities	Spec Purpose - Interest Improvement	1-1521-1500-521-201	-14.09			
1595 Current Liabilities Regulatory Liabilities	2008 COS Interest Improvement	1-1595-1500-595-201	-19,311.91			
						-19,326.00
Total Current Liabilities						-3,069,502.56
Regulatory Liabilities						
2350 Current Liabilities Future Income Taxes	Deferred Tax - Non-Current Liability	1-2350-2300-350-001	-296,000.00			
						-296,000.00
Notes Payable						
2520 Liability Other Non-Current Debt	Long Term Debt	1-2520-2500-520-001	-3,291,228.29			
						-3,291,228.29
Other Liabilities						
2320 Liability Other Liabilities	Non-Current Miscellaneous Liabilities	1-2320-2300-320-001	0.00			
						0.00
Customer Deposits						
2335 Liability Other Liabilities	Non-Current Customer Deposits	1-2335-2300-335-001	-217,981.39			
						-217,981.39
Post-Employment Benefits						
2306 Liability OPEB Liability	Employee Future Benefits	1-2306-2300-306-001	-142,040.00			
						-142,040.00
Total Liabilities						-3,947,249.89
Shareholders' Equity						
3005 Shareholders' Equity Common Shares	Common Shares	1-3005-3000-305-000	-1,634,404.00			
						-1,634,404.00
3045 Shareholders' Equity Retained Earnings	Unappropriated Retained Earnings	1-3045-3000-345-000	-1,299,718.50			
3055 Shareholders' Equity Retained Earnings	Adjustment To Retained Earnings	1-3055-3000-355-001	-158,040.57			
						-1,457,759.07
Total Liabilities and Shareholders' Equity						-50,107,814.31
Wellington North Power Inc.						




Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement	
Service Revenue						
4006 Service Revenue		Residential Energy Sales	Residential Sales	1-4006-0000-420-000	2,237,720.70	
4025 Service Revenue		Street Lighting Energy Sales	Street Light - Energy Sales	1-4025-0000-400-000	15,801.20	
4030 Service Revenue		Sentinel Lighting Energy Sales	Sentinel Light Sales	1-4030-0000-420-000	1,861.69	
4035 Service Revenue		General Energy Sales	General - RSA	1-4035-0000-410-000	4,823,419.86	
4050 Service Revenue		Revenue Adjustment	Unbilled Rev - Residential	1-4050-4000-400-000	-77,009.92	
4055 Service Revenue		Energy Sales for Resale	Resale	1-4055-0000-420-705	1,524,868.04	
4062 Service Revenue		Billed WMS	Billed WMS - Residential	1-4062-4000-310-000	532,747.82	
4066 Service Revenue		Billed NW	Billed NW - Residential	1-4066-4000-340-000	607,219.18	
4068 Service Revenue		Billed CN	Billed CN - Residential	1-4068-4000-350-000	354,192.76	
4075 Service Revenue		Billed LV	LV Billed - Residential	1-4075-4000-360-000	157,221.17	
4076 Service Revenue		SM Entity Charge	SM Entity Charge	1-4076-4000-370-000	34,115.65	
Total Service Revenue						10,212,157.95
Cost of Power						
4705 Cost of Power		Power Purchased	Power - Purchased	1-4705-4400-200-000	5,488,330.40	
4707 Cost of Power		Power Purchased	Power - Purchased	1-4707-4400-221-000	3,038,331.17	
4708 Cost of Power		Charges WMS	WMS Charges	1-4708-4400-110-003	532,747.82	
4714 Cost of Power		Charges NW	Charges NW	1-4714-4400-140-005	607,219.18	
4716 Cost of Power		Charges CN	Charges CN	1-4716-4400-150-005	354,192.76	
4750 Cost of Power		Charges LV	LV Charges	1-4750-4400-160-010	157,221.17	
4751 Cost of Power					34,115.65	
Total Cost of Power						-10,212,157.95
Total						0.00
Distribution Services						
4080 Distribution Services	Distribution Services	Distribution Services Revenue	Distribution Volumetric	1-4080-4000-610-000	2,446,229.67	
Total Distribution Services						2,446,229.67
Other Operation Revenue						
4082 Distribution Services	Distribution Services	Retail Services Revenue	Retail Services Revenue	1-4082-4300-655-801	5,959.70	
4084 Distribution Services	Distribution Services	STR Revenue	STR - Requests	1-4084-4300-660-800	71.50	
4210 Other Operation Revenue	Other Operation Revenue	Rent from Electric Property	Rent from Electric Property	1-4210-4340-710-800	28,207.89	
4225 Other Operation Revenue	Other Operation Revenue	Late Payment Charges	Late Penalty Charges	1-4225-4340-720-800	26,747.61	
4235 Other Operation Revenue	Other Operation Revenue	Misc. Service Revenues	Misc Rev - Utilismart Access	1-4235-4340-730-800	52,388.33	
4325 Other Operation Revenue	Other Operation Revenue	Revenues from Merchandise	Jobbing Rev - Outside Labour	1-4325-4360-740-100	0.00	
4330 Other Operation Revenue	Other Operation Revenue	Costs and Expenses of Merchandising	Jobbing Exp - Misc A/R - Labour	1-4330-4360-745-120	0.00	
4355 Other Operation Revenue	Other Operation Revenue	Gain on Disposition of Assets	Gain - Disposition Of Assets	1-4355-4360-750-001	17,500.00	
4360 Other Operation Revenue	Other Operation Revenue	Loss - Disposition of Assets	Loss - Disposition of Assets	1-4360-4360-755-001	-17,006.27	
4375 Other Operation Revenue	Other Operation Revenue	Revenue from Non Rate-Regulated Utility Operations	Nonuty Rev - Outside Labour	1-4375-4360-760-100	133,253.22	
4380 Other Operation Revenue	Other Operation Revenue	Expenses of Non Rate-Regulated Utility Operations	Nonuty Exp - Jobbing Labour	1-4380-4360-765-120	-128,837.55	
4390 Other Operation Revenue	Other Operation Revenue	Misc. Non-Operating Income	Misc Nonops Rev - SCRA	1-4390-4360-770-003	1,512.00	
4405 Other Operation Revenue	Other Operation Revenue	Interest and Dividend Income	Interest - Interest Earned	1-4405-4380-810-001	21,037.46	
Total Other Operating Revenue						140,833.89
Total						2,587,063.56

Wellington North Power Inc.

Income Statement					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
Expenses					
Operations and Maintenance					
5005 Operations and Maintenance		Operation Supervision and Engineering	Operation Supervision and Engineering	1-5005-5000-500-100	86,592.83
5012 Operations and Maintenance		Station Buildings and Fixtures	Stn Bldg & Fixtures - Expenses	1-5012-5000-500-500	15,489.08
5016 Operations and Maintenance		Distribution Statement Equipment-Labour	Dist Stn Equipment - Outside Labour	1-5016-5000-500-100	7,877.44
5017 Operations and Maintenance		Distribution Statement Equipment-Expense	Distribution Statement Equipment Expense	1-5017-5000-500-300	3,801.03
5020 Operations and Maintenance		O/H Distribution Lines & Feeders-Labour	O/H Distribution Lines & Feeders - Labour	1-5020-5000-500-100	22,289.81
5025 Operations and Maintenance		O/H Distribution Lines & Feeders-Expense	O/H Distribution Lines & Feeders - Expense	1-5025-5000-500-200	20,877.92
5030 Operations and Maintenance		O/H Sub-Transmission Feeders	O/H Sub-Transmission Feeders	1-5030-5000-500-100	462.66
5035 Operations and Maintenance		O/H Distribution Transformers	O/H Distribution Transformers	1-5035-5000-500-100	13,229.73
5040 Operations and Maintenance		U/G Distribution Lines & Feeders-Labour	U/G Distribution Lines & Feeders-Labour	1-5040-5000-500-100	749.69
5045 Operations and Maintenance		U/G Distribution Lines & Feeders-Expense	U/G Dist Ln & Feeders - Expense	1-5045-5000-500-200	4,202.66
5055 Operations and Maintenance		U/G Distribution Transformers-Operation	U/G Dist Transformers - Outside Labour	1-5055-5000-500-100	5,101.79
5065 Operations and Maintenance		Meter Expense	Meter Expense	1-5065-5000-500-100	73,479.74
5070 Operations and Maintenance		Customer Premises-Labour	Cust Premises - Outside Labour	1-5070-5000-500-100	29,550.21
5075 Operations and Maintenance		Customer Premises-Expense	Customer Premises - Expense	1-5075-5000-500-300	12,154.94
5085 Operations and Maintenance		Misc. Distribution Expense	Misc. Distribution Expense	1-5085-5000-500-100	45,238.37
5105 Operations and Maintenance		Maintenance Supervision & Engineering	R&M - Suprvsn & Engineer - Outside Labour	1-5105-5100-500-100	39,656.63
5110 Operations and Maintenance		Maintenance of Buildings & Fixtures	R&M - Buildings & Fixtures	1-5110-5100-500-534	1,501.16
5114 Operations and Maintenance		Distribution Station Equipment	Distribution Station Equipment	1-5114-5100-500-500	55,628.59
5120 Operations and Maintenance		Maintenance of Poles, Towers & Fixtures	Maintenance of Poles, Towers & Fixtures	1-5120-5100-500-100	5,146.15
5125 Operations and Maintenance		Maintenance of O/H Conductors & Devices	Maintenance of O/H Conductors and Devices	1-5125-5100-500-100	14,216.61
5130 Operations and Maintenance		Maintenance of O/H Services	Maintenance of O/H services	1-5130-5100-500-100	10,699.67
5135 Operations and Maintenance		O/H Distribution Lines & Feeders	O/H Distribution Lines & Feeders	1-5135-5100-500-100	77,335.94
5145 Operations and Maintenance		Maintenance of U/G Conduit	Maintenance of U/G Conduit	1-5145-5100-500-100	114.80
5150 Operations and Maintenance		Maintenance of U/G Conductors & Devices	Maintenance of U/G Conductors & Devices	1-5150-5100-500-100	0.00
5155 Operations and Maintenance		Maintenance of U/G services	Maintenance of U/G services	1-5155-5100-500-100	8,913.26
5160 Operations and Maintenance		Maintenance of Line Transformers	Maintenance of Line Transformers	1-5160-5100-500-100	1,408.51
5175 Operations and Maintenance		Maintenance of Meters	Maintenance of Meters	1-5175-5100-500-100	12,253.08
Total Operations and Maintenance					567,949.10
Wellington North Power Inc.					

Income Statement						
Account	I/S Section	I/S Line Grouping	G/L Account Description		Current Year	Income Statement
Billing & Collection						
5310	Billing & Collection	Meter Reading	B&C Mtr Read - Outside Labour	1-5310-5300-510-100	68,872.49	
5315	Billing & Collection	Customer Billing	B&C - Cust Billing	1-5315-5300-510-150	116,125.03	
5320	Billing & Collection	Collecting	B&C - Collecting expenses	1-5320-5300-510-100	82,188.62	
5325	Billing & Collection	Collecting-Cash Over & Short	B&C - Cash Over & Short	1-5325-5300-510-543	-4.77	
5335	Billing & Collection	Bad Debt	B&C - Bad Debt Expense	1-5335-5300-510-544	17,410.21	
5340	Billing & Collection	Misc. Customer Accounts	B&C - Misc Customer Acct	1-5340-5300-510-150	54,891.52	
5410	Billing & Collection	Community Relations	Misc Community Relations	1-5410-5400-510-558	6,467.47	
5415	Billing & Collection	Energy Conservation Exp	Energy Conservation Exp	1-5415-5400-510-557	4,133.22	
5420	Billing & Collection	Community Safety Program	Community Safety Program	1-5420-5400-510-558	4,948.50	
5420	Billing & Collection	Community Safety Program	Community Safety Program	1-5420-5400-510-558	284.24	
Total Billing & Collection						354,896.53
Administrative & General						
5605	Administrative & General	Executive Salaries & Expenses	Executive Salary	1-5605-5600-520-150	213,085.15	
5610	Administrative & General	Management Salaries & Expenses	Management Salary	1-5610-5600-520-150	142,516.71	
5615	Administrative & General	General Administrative Salaries & Expenses	Administrative Salary Expense	1-5615-5600-520-150	63,412.68	
5620	Administrative & General	Office Supplies & Expenses	Office Supplies - Expenses	1-5620-5600-520-500	59,135.66	
5630	Administrative & General	Outside Service Employed	Outside Service Employed	1-5630-5600-520-549	108,432.51	
5635	Administrative & General	Property Insurance	Insurance	1-5635-5600-520-553	38,067.42	
5640	Administrative & General	Injuries & Damages	Credit Risk Insurance	1-5640-5600-520-565	0.00	
5645	Administrative & General	OMERS Pensions & Benefits	Employee Pension & Benefits	1-5645-5600-520-568	2,717.00	
5655	Administrative & General	Regulatory Expense	Regulatory Expense	1-5655-5600-520-150	130,165.60	
5665	Administrative & General	General Expense	General Expense	1-5665-5600-520-511	37,937.36	
5670	Administrative & General	Rent	Rent	1-5670-5600-520-	57.22	
5680	Administrative & General	Electrical Safety Authority Fees	Admin Electrical Safety Auth Fee	1-5680-5600-520-563	4,599.66	
Total Administrative & General						800,126.95
Amortization						
5705	Amortization	Depreciation Expense	Amortization - Property, Plant and Equipment	1-5705-5700-530-010	474,204.47	
5725	Amortization	Misc. Depreciation	Amortization - Contributed Capital	1-5725-5700-530-005	-10,194.02	
Total Amortization						464,010.45
Interest Expense						
6005	Interest Expense	Interest on LT debt	Ltd Interest - SM Infrastructure	1-6005-6000-540-001	149,634.21	
6035	Interest Expense	Other Interest Expense	Int Exp - Short Term	1-6035-6000-540-001	14,738.69	
Total Interest Expense						164,372.90
Property taxes						
6105	Property taxes	Taxes Other Than Income Taxes	Taxes - Other Than Income	1-6105-6100-550-001	12,915.48	
6205	Property taxes	Donation	Donation	1-6200-6200-550-002	2,973.33	
Total Expenses						15,888.81
Earnings before income taxes						2,367,244.74
Income Taxes						219,818.82
6110	Income Tax	Income Taxes	Income Taxes - Fed&Prov	1-6110-6100-550-001	22,000.81	
Net Earnings						22,000.81
Retained Earnings, beginning of year						197,818.01
Retained Earnings, end of year						1,101,900.49
Wellington North Power Inc.						1,299,718.50

Appendix 1F – Discipline and Enforcement Policy

Page 1 of 4		
Wellington North Power Inc. Policy & Procedures		
SUBJECT: Discipline and Enforcement Policy		No: C.S. #9
Manager of Operations: Signature: 	Office Manager: Signature: 	
President & CEO: Signature: 		
Date: December 12, 2013	Revision#: 0	Page 1 of 4

1. **Purpose**
The purpose of this procedure is to ensure that provisions of the Occupational Health and Safety Act, regulations, policies and procedures are met through the application of fair and consistent discipline with enforcement where necessary.
2. **Scope**
This procedure applies to all Wellington North Power Inc. employees.
3. **References**
Discipline will be enforced on infringements of the following:
 - The Occupational Health and Safety Act/Regulations for Construction Projects, Regulations for Industrial Establishments, WHMIS and any other applicable regulations
 - Ministry of Transportation, (Licensing, Traffic Control, Vehicle Operation)
 - EUSA (Rules and Safe Practice Procedures)
 - Wellington North Power Inc. Policies and Procedures, Operations Instructions.
 - Wellington North Power Inc. rules of personal conduct (either written or understood).

Wellington North Power Inc. Policy and Procedures

4. Procedure

4.1 Employees

Employees are responsible and will be held accountable for their actions, neglect or failures to meet required policies, procedures and practices. Accountability will be governed and enforced through progressive discipline.

Progressive discipline will be initiated and may include, but not be limited to:

a) Verbal warning;

- Personal discussion with the employee and his/her supervisor.
- Ensure that the employee is aware of the rule or code of conduct he/she has violated and the reason for it.
- This incident will be logged by a note from the Supervisor in the employee's file.

b) Written warning;

- The employee will be called into a meeting with his/her supervisor.
- The employee will be given a formal written warning letter on the second occurrence and a copy placed in the employee's file.

c) Progressive suspension;

- The employee will be called into a meeting with his/her Supervisor and the Department Manager.
- A Suspension from work up to a maximum of five days will result, depending on the circumstances and the severity of the infraction.
- A notice of suspension letter will be given to the employee and a copy placed in the employee's file.

d) Dismissal.

- The employee will be called into a meeting with his/her Department Manager and the CEO
- Dismissal
- A notice of dismissal letter will be given to the employee and a copy placed in the employee's file.

Discipline for failure to meet the requirements of the Occupational Health and Safety Act, Industry Regulations and/or Health and Safety policies and procedures may not be progressive in nature, especially in situations where significant risk or hazard occurs as a result of the failure. In such instances, the following course of action may be taken:

- a) Re-training or safety counselling;**
- b) Review of safety standards and procedures;**

Wellington North Power Inc. Policy and Procedures

Page 3 of 4

Examples of situations that would incur a more severe and appropriate method of discipline, up to and including dismissal include:

- Unsafe operation of a lifting device or mobile equipment
- Failure to lock out
- Tampering with, or disabling of, a machine safeguarding, or other safety device
- Horseplay
- Verbal or physical threats
- Possession or use of alcohol or illicit drugs
- Such other health or safety violations determined to present a significant risk to oneself or others

4.2 Supervisors

Supervisors are responsible for ensuring that appropriate disciplinary measures are taken where workers contravene the Occupational Health and Safety Act, Industry Regulations, policies or procedures.

Where necessary, the President and CEO or designate will be involved in disciplinary action.

5. Duration:

The period of time between an employee violating a rule(s), regulation(s), or code(s) of conduct will have some bearing on subsequent corrective steps taken. The following time span provides guidelines for this aspect of the procedure.

<u>Step:</u>	<u>Action:</u>	<u>Duration:</u>	<u>Reoccurrence:</u>
First Step	Verbal Warning	1 Year	Same or similar offence within one year results in written warning
Second Step	Written Warning	2 Years	Same or similar offence within two years results in suspension
Third Step	Suspension (up to five (5) days)	2 Years	Same or similar offence within two years results in dismissal
Fourth Step	Dismissal		

6. Documentation

All disciplinary actions will be documented in the worker's personnel file using the Corrective Action Memo form (see next page).

Wellington North Power Inc. Policy and Procedures

Page 4 of 4

WELLINGTON NORTH POWER INC.

EMPLOYEE DISCIPLINARY FORM

Date: _____

Employee's Name: _____ Department _____

Description of the occurrence: _____

What policy/procedure, MTO, E&USA, OH&S Regulation or Company rule was broken?

Action taken by Supervisor/Manager: _____

Employee Comments: _____

Supervisor/Manager Comments: _____

President/CEO Supervisor/Manager Employee

Wellington North Power Inc. Policy and Procedures

1

2

1 Appendix 1G – WNP Committee Mandates

Wellington North Power Inc.

FINANCE COMMITTEE

Mandate of the Finance Committee

Financial Goals

Establish a set of financial goals for the Corporation, with Shareholder input, as appropriate.

Rate Review Strategy

Develop and obtain Board approval for the Corporation's regulated rate review strategy.

Projections/Budgets

Develop periodic projections of revenues, expenses, capital expenditures, and cash flow.

Financial Planning

Develop financing plans, as required to achieve the Corporation's financial and operating goals.

Billing & Collections

Follow billing and collections practices which minimize late and / or no payments

Banking

Maintain banking arrangements that permit the Corporation to respond effectively to short term fluctuations in its cash position.

Risk Management

Periodically review the Corporation's risk management / insurance program, recommending changes as appropriate.

Compliance

Ensure compliance with all applicable accounting and financial reporting conventions, and industry regulations, and guidelines.

Internal Controls

Ensure the existence of an adequate set of internal controls

1. Board Approved_FINANCE COMMITTEE MANDATE_June 28, 2011.docP:\WNP_Board Meetings\3_Finance Committee Mtg\2015 Finance Committee Mtg\Q1 2015 Meeting\1. Board Approved_FINANCE COMMITTEE MANDATE_June 28, 2011.doc

Wellington North Power Inc.

FINANCE COMMITTEE

Mandate of the Finance Committee

Financial Goals

Establish a set of financial goals for the Corporation, with Shareholder input, as appropriate.

Rate Review Strategy

Develop and obtain Board approval for the Corporation's regulated rate review strategy.

Projections/Budgets

Develop periodic projections of revenues, expenses, capital expenditures, and cash flow.

Financial Planning

Develop financing plans, as required to achieve the Corporation's financial and operating goals.

Billing & Collections

Follow billing and collections practices which minimize late and / or no payments

Banking

Maintain banking arrangements that permit the Corporation to respond effectively to short term fluctuations in its cash position.

Risk Management

Periodically review the Corporation's risk management / insurance program, recommending changes as appropriate.

Compliance

Ensure compliance with all applicable accounting and financial reporting conventions, and industry regulations, and guidelines.

Internal Controls

Ensure the existence of an adequate set of internal controls

1. Board Approved_FINANCE COMMITTEE MANDATE_June 28, 2011.docP:\WNP_Board Meetings\3_Finance Committee
Mtg\2015 Finance Committee Mtg\Q1 2015 Meeting\1. Board Approved_FINANCE COMMITTEE MANDATE_June 28, 2011.doc



Wellington North Power Inc.
290 Queen Street West, PO Box 359, Mount Forest, ON N0G 2L0
Phone: 519.323.1710
Fax: 519.323.2425
Email: wnp@wellingtonnorthpower.com
www.wellingtonnorthpower.com

MANDATE: ORGANIZATION, PERSONNEL & MARKET RELATIONS COMMITTEE

The Organization, Personnel, and Market Relation Committee, assists in the development and review of corporate policies, agreements and related documents, prior to presenting to the Board for approval and implementation. The Committee is also responsible for human resources, succession planning, Employment Standards, regulations and participates in Employee Working Agreement negotiations and undertakes Market Relations activities.

Organization, Personnel, Conservation and Market Relations Committee Mandate:

1. Corporate Policies

Review Corporate Policies prepared by the Chief Operating Officer (COO) and/or Chief Administrative Officer (CAO) prior to circulating to the Board for approval and adoption.

2. Organization Structure

Assist COO and/or CAO in determining and implementing an organizational structure.

3. Staff Planning

Ensure staffing plan is appropriate to achieve the company's operational and regulatory mandates and objectives.

4. Compensation Plans

Develop compensation practices which:

- a. allow the Company to attract and retain qualified personnel
- b. comply with pertinent legal guidelines

MANDATE: ORGANIZATION, PERSONNEL & MARKET RELATIONS COMMITTEE

5. **Compliance with “Employment Standards Act”**

Ensure adherence to and compliance with all external personnel regulations, rules, and guidelines.

6. **Employee Agreements / Review Performance Evaluations**

Ensure the existence and use of a suitable performance appraisal system for all Company employees, including job descriptions, goal setting, and annual performance evaluations. Participate in negotiations of the company’s Employee Working Agreement and prepare recommendations to the Board for approval.

7. **Succession Planning**

Ensure plans are in place to facilitate knowledge transfer, in preparation of retirements and transparent processes for executive recruitment.

8. **Market Relations**

Ensure the organization’s goals are being met in areas of:

- a. Customer service, billing and collections
- b. Customer awareness, engagement and satisfaction
- c. Industry and media relations

9. **Act as liaison to Municipal Shareholder**

Prepare a concise quarterly report for Municipal Councilors to ensure they are informed of company initiatives and performance.