

Scorecard - Renfrew Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	96.90%	95.70%	97.47%	95.63%		90.00%		
		Telephone Calls Answered On Time	89.40%	89.60%	91.90%	98.67%	98.59%		65.00%		
	Customer Satisfaction	First Contact Resolution	87%	99.6%	99.05%	99.29%	99.82%		98.00%		
		Billing Accuracy	99.82%	99.54%	99.43%	99.88%	99.82%		98.00%		
		Customer Satisfaction Survey Results	92%	92%	83.6%	83.60%	86.2%				
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		82.60%	82.60%	85.40%	85.40%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.92	0.18	0.34	0.44	1.77			0.92	
		Average Number of Times that Power to a Customer is Interrupted ²	1.10	0.10	0.28	0.19	0.82			0.60	
	Asset Management	Distribution System Plan Implementation Progress	82%	75%	85%	33%	33%				
	Cost Control	Efficiency Assessment	4	4	4	3	3				
		Total Cost per Customer ³	\$559	\$584	\$599	\$588	\$618				
		Total Cost per Km of Line ³	\$30,047	\$31,574	\$32,010	\$31,597	\$32,922				
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 Cumulative Energy Savings ⁴		8.43%	19.24%	47.90%	85.00%			4.17 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%						
		New Micro-embedded Generation Facilities Connected On Time				100.00%	100.00%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.65	1.46	1.30	1.49	1.32				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.77	0.75	0.76	0.72	0.80				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	8.78%	8.78%			
			Achieved	2.92%	-0.92%	-1.53%	8.39%	10.81%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
 2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
 4. The CDM measure is based on the 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Renfrew Hydro Inc.

2018 Scorecard Management Discussion and Analysis

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2018 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

Scorecard MD&A - General Overview

Renfrew Hydro Inc. is an electricity distribution company that serves approximately 4,300 customers in the Town of Renfrew. Renfrew Hydro is committed to keeping our costs as low as possible, while providing quality customer service through the delivery of a safe and reliable supply of electricity to our community.

Renfrew Hydro is pleased to have exceeded most of our scorecard performance targets set for *Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance*. Our focus has always been, and will continue to be, to meet or exceed our customers’ expectations and needs. Renfrew Hydro remains committed to providing a safe, reliable supply of electricity to our customers, and as such, we are continuing to replace aging infrastructure, while performing ongoing maintenance activities, such as vegetation management, to reduce the vulnerability of the distribution system to uncontrollable events, such as adverse weather. Our work center is conveniently located in the community we serve, helping us to provide our customers with enhanced customer service. Not only are we fully available and accessible to our customers allowing them to choose their preferred communication method(s) including “face to face”, our line crews are only moments away and respond quickly to any electrical emergency or customer concern.

On January 1, 2018, Renfrew Hydro adjusted our distribution rates, resulting in an overall average monthly bill reduction of \$1.66 for a residential customer consuming 750 kWh/month. Renfrew Hydro’s Scorecard summarizes our performance each year against measures set by the energy regulator, the Ontario Energy Board (OEB). All electricity distributors in Ontario publish their Scorecard performance results annually and this information can be found on the OEB’s website at: <https://www.oeb.ca/utility-performance-and-monitoring/what-are-electricity-utility-scorecards/electricity-utility>

In 2019, Renfrew Hydro will continue its efforts to maintain and improve its overall scorecard performance results by continuously exploring opportunities to improve the reliability of our systems, partnering with industry experts and service suppliers to achieve cost efficiencies while maintaining our strong customer engagement and customer centric focus. Performance improvements are expected as a result of continued investment in our infrastructure, our employees and through listening and responding to the needs of our customers.

Thank you for taking the time to review our 2018 Scorecard. Should you have any questions or comments, please visit, call or email us:

Office - 499 O'Brien Road, Renfrew - Phone - 613-432-4884 (8:30am to 4:30pm Monday to Friday) - Email - info@renfrewhydro.com.

Service Quality

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

In 2018, Renfrew Hydro connected all requests for low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline required by the OEB. Renfrew Hydro considers *New Services Connected on Time* to be an important first step of customer engagement. It is our first opportunity to meet or exceed our customer's expectations and welcome them into our service territory. Consistent with prior years, Renfrew Hydro connected 100% of these customers on time, which significantly exceeds the OEB's mandated target of 90% for this measure. Renfrew Hydro expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Renfrew Hydro schedules appointments to complete work requested by its customers in a convenient and timely manner. Renfrew Hydro considers *Scheduled Appointments Met on Time* to be another opportunity to engage with our customers and increase customer satisfaction through the convenient scheduling and completion of customer service commitments and appointments. Renfrew Hydro scored 95.63% for appointments met on time, which significantly exceeds the OEB's mandated target of 90% for this measure. Renfrew Hydro expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2018, Renfrew Hydro received 6,594 qualified calls from customers. Renfrew Hydro considers responding to customer voice enquiries (*Telephone Calls*) to be an important aspect of customer service quality and another opportunity for us to understand and respond to our customers' needs and preferences. Our customer service representatives answered 98.59% of these calls in 30 seconds or less, which significantly exceeds the OEB's mandated target of 65% for this measure. Renfrew Hydro expects this trend to continue into the foreseeable future.

Customer Satisfaction

Distributors were required to implement all evolving *customer satisfaction* measures (First contact resolution and Customer satisfaction survey results) by July 1, 2014. The evolving measures will ultimately have definitions established by the OEB to ensure consistency in reporting and comparability of results. During the evolving period, distributors are using initial discretion on definition and implementation. As a result, these measures may differ from other utilities in the Province.

- **First Contact Resolution**

First Contact Resolution is a measure of a distributor's effectiveness at satisfactorily addressing customer concerns. This scorecard measure was introduced by the OEB during 2014. Currently, distributors are permitted discretion as to how they implement this measure which may differ from other utilities in the Province.

Renfrew Hydro defines First Contact Resolution as the number of customer enquiries that are resolved by the first contact at the utility. A ratio measuring enquiries resolved upon first contact and those escalated to an alternate contact at the utility, typically a supervisor or a manager, was used to measure our performance. All customer enquiries made to a customer service representative by telephone, letter, e-mail, or in person were included. Renfrew Hydro considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction. In 2018, Renfrew Hydro resolved 99.82% of customer enquiries successfully during first contact. Renfrew Hydro expects this trend to continue for 2019.

- **Billing Accuracy**

Billing Accuracy is a scorecard measure that was introduced by the OEB late in 2014, and is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Renfrew Hydro considers timely and accurate billing to be an essential component of customer satisfaction. Renfrew Hydro achieved a billing accuracy of 99.82%, which is within the OEB's mandated target of 98%. Renfrew Hydro expects this trend to continue for 2019.

- **Customer Satisfaction Survey Results**

The *Customer Satisfaction Survey* is a scorecard measure that was introduced by the OEB for the 2014 scorecard. Distributors are required to conduct their survey on a biennial basis (every second year).

For the two-year reporting period 2018/2019, Renfrew Hydro worked collaboratively with other utilities within the CHEC Group (Cornerstone Hydro Electric Concepts) to find a cost effective solution for conducting the customer satisfaction survey. A third-party organization was retained through an RFP process and used to conduct the survey. This statistical survey was conducted using randomly selected interviews to canvass a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. The survey was performed in accordance with the "Survey Implementation Requirements" of the "EDA/Innovative Customer Satisfaction Scorecard: Methodology & Survey Implementation Guide". Renfrew Hydro considers this customer satisfaction survey to be a useful instrument for engaging the customer assisting us in acquiring a better understanding of our customer's preferences with respect to the provision of electricity services and for identifying areas that may require improvement. For the 2018/2019 reporting period, Renfrew Hydro is proud to report an overall 2.6% increase in customer satisfaction and received a rating of 86.2 % on its customer satisfaction survey. Renfrew Hydro continues to increase our customer communications and engagement efforts in order to maintain and improve our overall customer's satisfaction with us.

Safety

- **Public Safety**

Public Safety is a scorecard measure introduced by the OEB for the 2014 scorecard. The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

Component A – Public Awareness of Electrical Safety:

Component A consists of a new statistical survey that gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. Distributors are required to conduct this survey on a biennial basis (every second year). Renfrew Hydro used a third party to survey customers in Q1-2018 to report on the 2017 and 2018 scorecard. The results indicated Renfrew Hydro had a level of public Electrical Safety awareness of 85.4%, and improvement of 2.8% from the previous survey. Renfrew Hydro expects this number to improve as continued efforts are made to educate customers on electrical safety.

Component B – Compliance with Ontario Regulation 22/04:

Component B consists of a utility's compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Over the past five years, Renfrew Hydro Inc. was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to overall safety, our adherence to the electrical safety code and our own distribution construction standards as well as a robust asset management program.

Component C - Serious Electrical Incident Index:

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. In the five years from 2014 to 2018, Renfrew Hydro Inc. had ZERO fatalities and ZERO serious incidents within its territory. This is another reflection of our strong commitment to safety, our adherence to company procedures & policies and our ongoing commitment to training. Renfrew Hydro expects this trend to continue in the foreseeable future.

System Reliability

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

The *average number of hours* that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. Renfrew Hydro views reliability of electrical service as a high priority for its customers, and constantly monitors its system for signs of reliability degradation. Renfrew Hydro also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The OEB typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. The average number of hours that power to a customer was interrupted across Renfrew Hydro was 1.77 in 2018. This was out of range with our historical performance and this anomaly was caused by one significant event. In June of 2018, Renfrew Hydro experienced a large and lengthy outage to approximately twenty percent of our customers as a result of a rodent damaging equipment at one of our five stations. We anticipate that the average number of hours that power to customer will decrease in 2019 and this improved trend is expected to continue into the foreseeable future. Please note that the system reliability statistics provided on the scorecard exclude interruptions caused by Loss of Supply.

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

The *average number of times* that power to a customer is interrupted is also a measure of system reliability and is also a high priority for Renfrew Hydro. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. Renfrew Hydro customers experienced interrupted power an average of 0.82 times during 2018, which was out of range of our historical performance and also this anomaly was caused by one significant event. In June of 2018, Renfrew Hydro experienced a large and lengthy outage to approximately twenty percent of our customers as a result of a rodent damaging equipment at one of our five stations. We anticipate that the average number of power interruptions to customers will decrease in 2019 and this improved trend is expected to continue into the foreseeable future. Please note that the system reliability statistics provided on the scorecard exclude interruptions caused by Loss of Supply.

Asset Management

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a performance measure that was implemented by the OEB beginning in 2013. A Distribution System Plan (DSP) is an outline of forecasted capital expenditures planned over the next five years, required to maintain and expand the utility's electricity system to serve its current and future customers. All Distributors are required to file a DSP when filing a cost of service application for the rebasing of their rates. The DSP progress measure is intended to assess a utility's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

Renfrew Hydro filed a Cost of Service application with the OEB in June of 2016, which included a Distribution System Plan (DSP) with forecasted capital expenditures

for the 2017-2021, five year period. To measure our progress for 2018, Renfrew Hydro defined this measure as the tracking of actual capital projects completed to planned capital projects for the year, expressed as a percentage. With this understanding, Renfrew Hydro completed 33% of the capital projects planned for 2018. It should be noted that this percentage is the result of two of the three major projects within the DSP not completed as planned for 2018. Reprioritizing capital projects as a result of unforeseen and uncontrollable factors is a normal course of action in our industry. In 2018 we adjusted our spending and plans as a result of damages to one our substations and timing delays to some of our system access (developer driven) projects. Renfrew Hydro on an ongoing basis continues to test, inspect and maintain our distribution assets. The most recent asset condition assessments coupled with an ever changing overall environment requires us to adjust and reprioritize projects that are identified in our overall Distribution System Plan. Projects are reprioritized based on our overall asset management strategy and customer needs for the benefit of all of our stakeholders.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single *efficiency ranking*. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. For the four-year period, 2013-2016 Renfrew Hydro was placed in Group 4 which is considered “fair” and is defined as actual costs 10%-25% above the predicted costs. In 2017 Renfrew Hydro advanced to a “more efficient” group – Group 3 which is considered “average” and is defined as having actual costs within +/- 10% of predicted costs. Renfrew Hydro stayed in Group 3 in 2018 and we are continually looking for ways to improve our overall performance, reduce costs and become more efficient. Our goal is to improve our efficiency ranking moving forward.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Renfrew Hydro’s capital and operating costs divided by the total number of customers that Renfrew Hydro serves. Similar to most distributors in the province, Renfrew Hydro has experienced increases in its total costs required to deliver quality and reliable services to customers. Province-wide programs such as *Time of Use* pricing, growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal of the distribution system, have all contributed to increased operating and capital costs.

Renfrew Hydro’s cost performance result for 2018 is \$618/customer, which reflects a 5.1% increase from the prior year. Going forward, utility costs are expected to keep pace with economic fluctuations. Renfrew Hydro will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements, while maintaining the safety, reliability and quality of our distribution system. We will continue to replace distribution assets balancing system risks with customer rate impacts.

- **Total Cost per Km of Line**

Total cost per km of line uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that Renfrew Hydro operates to service its customers. Renfrew Hydro’s 2018 rate is \$32,922 per km of line, which is a 4.2% increase over prior year. Renfrew Hydro revised its calculation method for determining the circuit length measurements to more accurately report the kilometers of line in 2014. Renfrew Hydro’s growth rate is considered to be low. A low growth rate can reduce Renfrew Hydro’s ability to fund capital renewal and the increased operating costs. As a result, the cost per km of line is expected to increase as capital and operating costs also increase. As we progress into the future, Renfrew Hydro will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to all our stakeholders.

Conservation & Demand Management

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

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

Renfrew Hydro's target for the 6 year program was to reduce electricity consumption within its service territory by 4.17 GWh. As indicated in our scorecard, Renfrew Hydro continued to positively contribute to the net cumulative energy savings target. By leveraging IESO's Save On Energy Programs, Renfrew Hydro continues to help residential, low income, commercial and industrial customers better understand and reduce their energy usage through a range of energy conservation tools, resources, and incentives.

Connection of Renewable Generation

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

Electricity distributors are required to conduct *Renewable Generation Connection Impact Assessments* (CIA) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority. Renfrew Hydro outsources the CIA work to an engineering consultant. In 2018, Renfrew Hydro did not have any Renewable Generation Connection Impact Assessments to complete.

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. These projects must be connected within the prescribed timeframe of five (5) business days, and the OEB has mandated a target of 90% for this measure. In 2018, Renfrew Hydro had one new micro-embedded generation facility connected to its distribution system within the prescribed timeframe. Renfrew Hydro works closely with our customers and their contractors to ensure our customer needs are met or exceeded. Renfrew Hydro expects to meet the target on this measure for all future micro-embedded generation connections in the foreseeable future.

Financial Ratios

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

As an indicator of financial health, a *current ratio* indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. Companies with a ratio greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

Renfrew Hydro's current ratio of 1.32 in 2018 is indicative of our strong financial health. Renfrew Hydro's target is to maintain a current ratio above 1.0 for the foreseeable future.

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

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

In 2018, Renfrew Hydro's debt to equity ratio was 0.80, which is lower than the ratio deemed by the OEB. Renfrew Hydro plans to finance large capital purchases in the future, which will increase the debt to equity ratio closer to the Ontario Energy Board's recommended capital structure.

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. A ROE of 10% is generally considered good. Renfrew Hydro's current distribution rates include an expected (deemed) regulatory return on equity of 8.78%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

Renfrew Hydro achieved a regulatory ROE of 10.81% in 2018, which is 2.03% above the deemed rate, however well below the 11.78% allowed by the OEB. Renfrew Hydro intends to remain a profitable and a valued asset to our shareholder and community.

Note to Readers of 2018 Scorecard MD&A

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