

Scorecard - Festival Hydro Inc.

9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	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%	99.00%	99.20%	99.50%	99.40%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	99.80%	99.80%		90.00%		
		Telephone Calls Answered On Time	98.30%	98.30%	98.60%	78.70%	84.50%		65.00%		
	Customer Satisfaction	First Contact Resolution									
		Billing Accuracy									
		Customer Satisfaction Survey Results									
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Public Safety [measure to be determined]									
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	0.55	1.86	1.08	1.04	4.00		at least within 0.55 - 1.86		
		Average Number of Times that Power to a Customer is Interrupted	1.18	1.93	1.73	1.42	3.11		at least within 1.18 - 1.93		
	Asset Management	Distribution System Plan Implementation Progress									
	Cost Control	Efficiency Assessment				4	4				
		Total Cost per Customer ¹	\$563	\$608	\$606	\$612	\$627				
		Total Cost per Km of Line ¹	\$39,836	\$42,975	\$43,484	\$44,313	\$49,466				
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			11.00%	24.00%	14.60%		6.23MW		
		Net Cumulative Energy Savings (Percent of target achieved)			30.00%	108.00%	127.30%		29.25GWh		
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time					100.00%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.53	0.48	0.49	0.37	0.48				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.84	0.96	0.93	1.10	1.34				
		Profitability: Regulatory Return on Equity		Deemed (included in rates)	9.85%	9.85%	9.85%				
			Achieved	11.71%	9.75%	10.50%					

Legend:

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

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 do not include any persisting peak demand savings from the previous years.

Management Discussion and Analysis for Year 2013

Service Quality

FHI is working to improve the "telephone calls answered on time" metric. While this metric is above the industry target, we value the interactions with our customers and continuously seek ways to enhance our service offerings. The plans for the coming years include an update the FHI website to offer more self serve options, provide more up to date outage information via the website and possibly social media, and to investigate options to provide additional resources to answer calls during system outages.

Customer Satisfaction

FHI has implemented a system to track the "First Contact Resolution" metric. Results will be monitored to ensure adequate resources are in place to meet customer expectations.

FHI has experienced very few issues with inaccurate bills and will continue to monitor this metric to ensure customer satisfaction.

FHI plans to conduct a survey of customers in Q3 and Q4 of 2014 to measure satisfaction with our services, and identify any service gaps.

Safety

While the metric for this measure is still to be determined, FHI considers safety to be our top priority and we work closely with the Electrical Safety Authority (ESA) to ensure our distribution system exceeds safety standards, and we work with the Infrastructure Health and Safety Association (IHSA) and our peers to ensure our work methods are among the best in the industry. While the metric for this measure is still to be determined, FHI considers safety to be our top priority and we work closely with the Electrical Safety Authority (ESA) to ensure our distribution system exceeds safety standards, and we work with the Infrastructure Health and Safety Association (IHSA) and our peers to ensure our work methods are among the best in the industry.

System Reliability

FHI service territory was adversely affected by two ice storms in 2013 - one in April and one in December. The communities of Brussels and Hensall experienced extended outages due to damage on the Hydro One feeders that supply these two towns. The FHI owned infrastructure fared very well during these storms with minimal damage to main feeders. Overhead secondary services experienced the most damage, primarily due to ice laden tree branches on private property and municipal right of ways.

FHI tracks reliability and works proactively to replace assets that are reaching end of life (before failure) and ensures regular maintenance is conducted (tree trimming, infrared inspections, pole testing). Investments in a new transformer station for Stratford and automated switching systems are expected to improve reliability going forward.

Asset Management

FHI has an effective asset management plan in place to ensure we maximize the utilization of our assets, without compromising reliability. For 2014, we have identified \$2.8M in capital work and we are on target to completing all planned work.

Cost Control

The latest efficiency ratings used by the OEB notes that our overall spending is above their projected amounts, and higher than many of our peers. FHI has been investing heavily in infrastructure replacements during the past 10 years as much of our system has been approaching end of life. This has kept the system safe and prevented numerous unplanned outages due to system failure. Our capital replacement pace will be decreasing over the next 10 years as we eliminate most of the older assets in our distribution system. This will bring costs in line with our peers and closer to the OEB projected amounts.

Conservation & Demand Management

FHI has been very proactive in assisting our customers with conservation and demand management programs. We have exceeded the target for Energy Savings and are working towards meeting the target for Peak Demand savings. FHI thanks our customers and our partners for adopting a conservation culture and we look forward to continuing these great achievements going forward.

Connection of Renewable Generation

FHI encourages our customers to participate in the FIT and microFIT programs, and has been able to meet all timelines for assessments and connections.

Financial Ratios

The recent construction of the new transformer station in Stratford and the smart meter program required an increase in the amount of debt financing necessary to complete these large projects. While our ratios related to debt have increased, our profitability and return on equity remain strong, and our long term financial forecast shows this trend continuing.