

# Scorecard - Norfolk Power Distribution Inc.

9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	Trend	Target	
									Industry	Distributor
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	98.60%	93.40%	99.10%	91.70%	94.80%		90.00%	
		Scheduled Appointments Met On Time	99.30%	96.60%	84.70%	94.10%	99.30%		90.00%	
		Telephone Calls Answered On Time	87.60%	84.00%	82.10%	84.10%	83.50%		65.00%	
	<b>Customer Satisfaction</b>	First Contact Resolution								
		Billing Accuracy								
		Customer Satisfaction Survey Results								
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Public Safety [measure to be determined]								
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	2.19	1.48	5.77	1.78	2.04			at least within 1.48 - 5.77
		Average Number of Times that Power to a Customer is Interrupted	1.81	1.43	2.79	1.19	1.32			at least within 1.19 - 2.79
	<b>Asset Management</b>	Distribution System Plan Implementation Progress								
	<b>Cost Control</b>	Efficiency Assessment				3	3			
		Total Cost per Customer <sup>1</sup>	\$690	\$641	\$651	\$706	\$689			
		Total Cost per Km of Line <sup>1</sup>	\$17,050	\$15,807	\$16,097	\$17,287	\$16,915			
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	<b>Conservation &amp; Demand Management</b>	Net Annual Peak Demand Savings (Percent of target achieved) <sup>2</sup>			15.00%	15.00%	16.20%			4.25MW
		Net Cumulative Energy Savings (Percent of target achieved)			26.00%	55.00%	80.50%			15.68GWh
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time			66.67%	100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time					100.00%			90.00%
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.24	1.47	1.62	1.65	1.34			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.96	1.00	1.00	0.96	0.91			
		Profitability: Regulatory Return on Equity			Deemed (included in rates)	8.57%	9.12%	9.12%		
				Achieved	7.81%	5.17%	10.30%			

**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

Over the past five years, Norfolk has provided a high quality of service to its customers consistently above industry target; connecting over 94% of new residential and small commercial business services on-time and answering 83% of telephone calls in less than 30 seconds in 2013. Norfolk continues its strong focus on providing high quality service through improvements in: communication of information; operation processes; and maximizing available resources.

### Customer Satisfaction

Norfolk recognizes that accurate billing and achievement of "first contact resolution" expectations is essential to customer satisfaction. Although we have experienced very few issues with inaccurate billing in the past, this will be closely monitored to ensure we are exceeding the industry target and providing the best possible service to our customers. Norfolk conducts a Customer Satisfaction survey every two years, the last one being in 2012 where an overall grade of A was received. The next Customer Satisfaction survey is scheduled for fall 2014.

### Safety

While the metric to measure public safety performance is still to be determined, Norfolk considers safety at all levels of the organization to be its top priority and we will continue to work hard to ensure the public, as well as our employees and contractors, are provided with the training, information and tools necessary to be safe at all times.

### System Reliability

The downward trend over the past 5 years indicates a decrease in the number of times a customer's power is interrupted in the year (on average 1.32 times in 2013) and also the length of time (measured in hours) power to a customer is interrupted (2.04 hours).

In 2013 there was a small increase in the frequency and duration of outages compared to 2012. These increases were due to inclement weather and animal interference. In December 2013 an ice storm caused widespread outages and severely impacted two major feeder lines leaving customers without power for several hours and in some cases days. Norfolk remains proactive in trying to minimize the impact on customers through continued maintenance of tree pruning, installation of animal guards, end of life asset replacement, and system design.

### Asset Management

Norfolk has an effective asset management plan in place to ensure we maximize the utilization of our assets without compromising reliability or safety. In 2013 Norfolk completed over 95% of its work plan, which included several major conversion projects to improve reliability in residential neighbourhoods. In 2014 Norfolk has capital plans of \$4.0M to continue to update and improve its system, to ensure a safe and reliable supply of electricity to all customers.

### Cost Control

1. Efficiency Assessment - Based on Norfolk's costs being within the acceptable range compared to previous years, its efficiency has been assessed at the mid-range level of 3. Those distributors who experience a decrease in costs are assessed higher level efficiency (4 or 5), while those whose costs have increased are assessed a lower level efficiency (1 or 2).
2. Total Cost Per Customer - Norfolk maintained good cost control and reduced overall costs by \$17 per customer from 2012 to 2013
3. Total Cost per Km of Line - Norfolk added 8 km of line in 2013 but reduced overall costs by \$372 per km from 2012 to 2013

Norfolk will continue to seek additional cost savings and improve efficiency while maintaining quality customer service and effective asset management.

### Conservation & Demand Management

In 2011, each LDC was assigned specific 4-year targets for Net Peak Demand Savings and Net Cumulative Energy Savings. Reducing the peak demand continues to be a challenge for Norfolk, although we expect to achieve 50% of our 4.25 MW peak demand target by 2014. At 80% of target in 2013 for the Cumulative Energy Savings, Norfolk is positioned to exceed its energy savings target of 15.68 GWh by the end of 2014. These results are measured by the successful participation in conservation programs by Norfolk customers.

**Connection of Renewable Generation**

Norfolk works closely with customers to ensure timelines for assessments and connections are met. As a result, two Renewable Generation Connection Impact Assessments and 24 microFIT connections were successfully completed in 2013.

**Financial Ratios**

The Financial Ratios indicate that Norfolk continues to maintain a strong balance sheet. Liquidity, backed by a steady cash flow, is sufficient to ensure Norfolk can continue to meet all of its short term obligations. The leverage ratio indicates that just less than 50% of Norfolk's assets are financed with debt. Reflecting this positive performance and the company's prudent financial management, Norfolk has been able to achieve an average Rate on Equity of 7.76% over the last three years.