Scorecard - Whitby Hydro Electric Corporation

9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	Trend	Target: Industry	Target: 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%	flat	90.00%	
		Scheduled Appointments Met On Time	99.00%	100.00%	100.00%	98.80%	99.50%	down	90.00%	
		Telephone Calls Answered On Time	94.50%	95.50%	95.60%	54.50%	68.00%	down	65.00%	
	Customer Satisfaction	First Contact Resolution								
		Billing Accuracy								
		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	Public Safety [measure to be determined]								
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	0.68	0.48	1.47	0.96	4.95	up		at least within 0.48 - 1.47
		Average Number of Times that Power to a Customer is Interrupted	1.17	0.54	1.62	1.29	2.80	up		at least within 0.54 - 1.62
	Asset Management	Distribution System Plan Implementation Progress								
	Cost Control	Efficiency Assessment				3	3			
		Total Cost per Customer [1]	$604	$632	$628	$600	$612			
		Total Cost per Km of Line [1]	$22,841	$23,853	$23,887	$23,109	$23,643			
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]			10.00%	14.00%	29.00%			10.90MW
		Net Cumulative Energy Savings (Percent of target achieved)			31.00%	48.00%	65.80%			39.07GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%	100.00%	100.00%			
		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)	2.09	1.56	1.97	1.89	1.65			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.69	0.65	0.76	0.74	0.72			
		Profitability: Regulatory Return on Equity — Deemed (included in rates)			9.66%	9.66%	9.66%			
		Profitability: Regulatory Return on Equity — Achieved			12.15%	12.35%	14.54%			

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.

Service Quality

Whitby Hydro's service quality measures have historically performed well and generally exceeded targets. A description of the measure and explanation of performance for each measurement is provided below:

New Residential Services Connected On Time:
New service requests must be completed within 5 business days from the day on which all applicable service conditions are satisfied, or at a later date as agreed to by the customer and Whitby Hydro. This requirement must be met at least 90% of the time on a yearly basis. Whitby Hydro has met this target for 2009 through 2013.

Scheduled Appointments Met on Time:
When an appointment is requested by the customer or Whitby Hydro, and the customer (or a customer's representative) is required to be present for the appointment, Whitby Hydro must offer to schedule the appointment during regular business hours of operation within a window of time that is no greater than 4 hours. Whitby Hydro must arrive for the appointment within the scheduled timeframe. The requirement must be met at least 90% of the time on a yearly basis. The majority of appointments are for underground infrastructure locates for customers. Whitby Hydro has met this target for 2009 through 2013.

Telephone Calls Answered on Time:
Qualified incoming calls to Whitby Hydro's customer service phone line must be answered within a 30 second time period. The requirement must be met at least 65% of the time on a yearly basis. Whitby Hydro implemented a new telephone system in 2012 to allow for more accurate tracking of this measurement. Prior to 2012, the reporting reflected the level of calls answered (not abandoned), but did not incorporate the requirement of a 30 second threshold due to limitations in reporting options available. In 2012, the new telephone system allowed for some additional information to be gathered and the measurement dropped primarily due to two factors: 1) more accurate reporting which incorporated the 30 second threshold for answering call; and 2) increased service level requirements resulting from the implementation of time-of-use billing. The 2013 results reflect a renewed focus on this measurement to return it to above target levels.

Customer Satisfaction

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) has asked Whitby Hydro and all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by electricity distributors over the next several years and implement a commonly defined measure for these areas in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides more specific direction. Whitby Hydro has begun developing and tracking measurements in these areas.

First Contact Resolution:
First Contact Resolution is measured in a variety of ways and clarity of expectations is required in order to achieve meaningful comparable data across electricity distributors. Without a CRM (customer relationship management) program to track type and frequency of calls by customers, Whitby Hydro is tracking escalated calls that customer service representatives are unable to resolve without added support as a percentage of total number of eligible calls. Whitby Hydro will continue to monitor these results and has not currently identified a target.

Billing Accuracy:
The OEB recently provided some direction on a billing accuracy measurement on July 17, 2014. In advance of this, Whitby Hydro had started to track the number of accounts where a billing adjustment was required as a percentage of the total number of customer accounts billed. The new measurement will be the percent of bills measured accurately with the OEB providing some interpretation of how an accurate bill is defined. Whitby Hydro will modify its tracking to incorporate the OEB's requirements effective October 1, 2014 for inclusion in future reporting.

Customer Satisfaction Survey:
The OEB has indicated that electricity distributors will have discretion to determine how to conduct customer satisfaction surveys, however they have provided the following principles: 1) survey must canvas satisfaction regarding power quality and reliability, price, billing and payment, communications, and the customer service experience; and 2) surveys will follow good survey practices. Whitby Hydro engaged UtilityPULSE (the electricity utility survey division of Simul Corporation) to conduct a customer satisfaction survey in 2013 prior to receiving specific direction from the OEB. Whitby Hydro's target is to be equal or better than the Ontario benchmark and its customers have generally rated their satisfaction as equal to or higher than both National and Ontario results, with 95% of customers rating their experience with Whitby Hydro as fairly satisfied to very satisfied. Whitby Hydro's 2013 survey results have been summarized below:

Whitby Hydro UtilityPULSE Report Card

	Whitby Hydro	National	Ontario
1. Customer Care	A	B+	B+
Price and Value	A	B	B
Customer Service	A	B+	A
2. Company Image	A	A	A
Company Leadership	A	A	A
Corporate Stewardship	A	A	A
3. Management Operations	A	A	A
Operational Effectiveness	A	A	A
Power Quality and Reliability	A+	A	A
OVERALL	A	A	A

Safety

The OEB is currently consulting with the Electrical Safety Authority and will have further consultations with stakeholders to identify a public safety measure that is readily available for use. This measurement is a placeholder for future use.

System Reliability

System reliability targets currently identified are ranges that pertain to Whitby Hydro's own historical performance. The target ranges are based on the previous 3 years of actual performance or better. The OEB intends to establish more defined standards or targets for use in the future. For system reliability measures - the lower the factor, the better the reliability performance.

Historically, Whitby Hydro has had strong reliability performance however, in 2013 the performance was significantly skewed by the impact of the extreme ice storm that occurred in December 2013. Restoration of power and maintaining safety for customers in Whitby was a priority, and crews and contractors worked tirelessly to minimize the impact to customers. At the height of the storm, approximately 30% of customers were without power but as a result of power restoration efforts, only 171 customers were without power for more than 48 hours.

It has been acknowledged within the industry, that the measurement of customer impacts associated with an outage is compiled using different methodologies depending on the outage management tracking processes, technologies and systems available within the service area. Whitby Hydro has taken steps over the past 5 year timeframe to continue to improve the quality of data by refining its approach to quantifying customers impacted by an outage event. 2010 - 2011 saw an increase in the average number of hours of interruption to a customer as a result of a change in the method of reporting. In 2011, Whitby Hydro moved from a "flat rate" method to estimate customers affected by an outage (per feeder or substation) to one which uses peak load per feeder or substation as a weighting to determine the number of customers impacted. The introduction of an outage management system in 2014 has allowed Whitby Hydro to further validate the improved accuracy of its approach (reported results are within +/- 3%).

Average Number of Hours that Power to a Customer is Interrupted:
Whitby Hydro has reported strong reliability performance over the past 5 years. The ice storm in December 2013 was a significant event in Whitby and across most of the province and affected reliability measurements significantly. If the ice storm impacts were removed, the 2013 reported average number of hours that customer power was interrupted would decrease from 4.95 to 0.93.

Average Number of Times that Power to a Customer is Interrupted:
The number of times power to a customer is interrupted is due in a large part to storms, lightning, high winds & defective equipment. Since 2012, Whitby Hydro has been installing lightning arrestors in 4 locations each year in an attempt to reduce the number of interruptions on the 44 kV system. This has resulted in a decrease in the number of 44 kV circuit breaker operations. As part of its distribution planning process, Whitby Hydro undergoes asset assessment and replacement reviews to help to ensure aging infrastructure (underground cables, switchgear, transformers, poles and switches) is addressed which will result in fewer outages. With the removal of the ice storm in 2013, the average number of times the power to a customer is interrupted is reduced from 2.80 to 0.87 which is within the target level and is an improvement over the prior 2 years.

Asset Management

Distribution System Plan Implementation Progress:
This is a new measure that is currently under development. The OEB has permitted electricity distributors to use their discretion to develop and implement a measure that most effectively reflects their performance in system plan implementation.

Cost Control

The total cost and efficiency estimates use complex calculations that were developed by the OEB's consultant Pacific Energy Group (PEG). All electricity distributors are required to certify the information provided on their scorecard. Due to the lack of guidelines and limited transparency with the PEG model, distributors have difficulty certifying these calculations. As a result, the OEB has deemed it sufficient for distributors to only certify that the data provided by the distributor and used in the consultant's calculations are accurate.

Efficiency Assessment:
The consultant PEG's econometric model has been used to predict total costs for an electricity distributor and the efficiency measure is used to assess how PEG's calculation of total actual costs compare to those PEG has predicted. Depending on the degree to which the average (2011-2013) total actual costs are below or above the predicted, the electricity distributor will be assigned into 1 of 5 groupings and assessed a "stretch factor" for use in rate setting. Whitby Hydro's average total actual costs are 5.2% below the predicted costs which is a favourable outcome. This result places Whitby Hydro in the mid-range (3rd grouping) for efficiency. There is no comparable data prior to 2012, as different efficiency measures were used. In order for an appropriate comparison to be made to prior year, it is essential that the 2013 total cost be adjusted for significant one-time (transitional) items such as mandatory regulatory changes to capitalization/depreciation which required costs that were previously capitalized to be classified as operating expenses commencing in 2013. If these costs were not reclassified, the total cost per customer would drop from $612 to $601 which represents virtually no change in year-over-year total cost per customer and represents a further decrease from -5.2% to -5.9% in the comparison of actual to predicted costs.

Total Cost per Customer:
PEG's calculation of Whitby Hydro's 2013 total cost per customer is $612 which represents an increase of less than inflationary levels from the 2012 total cost of $600. However, in order for an appropriate comparison to be made to prior years, it is essential that the 2013 total cost be adjusted for significant one-time (transitional) items such as mandatory regulatory changes to capitalization/depreciation which required costs that were previously capitalized to be classified as operating expenses commencing in 2013. If these costs were not reclassified, the total cost per customer would drop from $612 to $601 which represents virtually no change in year-over-year total cost per customer and represents a further decrease from -5.2% to -5.9% in the comparison of actual to predicted costs.

Total Cost per Km of Line:
PEG's calculation of Whitby Hydro's 2013 total cost per km of line is $23,643 which represents an increase of less than inflationary levels from the 2012 total cost of $23,109. However, in order for an appropriate comparison to be made to prior years, it is essential that the 2013 total cost be adjusted for significant one-time (transitional) items such as mandatory regulatory changes to capitalization/depreciation which required costs that were previously capitalized to be classified as operating expenses commencing in 2013. If these costs were not reclassified, the 2013 total cost per km of line would drop from $23,643 to $23,204 which represents virtually no change on a year-over-year basis and represents a further decrease from -5.2% to -5.9% in the comparison of actual to predicted costs.

Conservation & Demand Management

Net Annual Peak Demand Savings (% of Target Achieved):
Our CDM results are trending up from 14% in 2012, to 29% as per the Final Verified Annual 2013 CDM Report issued by the Ontario Power Authority on August 29, 2014. The increase is primarily as a result of our continued support and promotion of the Peaksaver Plus program to Whitby Hydro customers. The program is actively promoted online and in person through our Customer Service team and in businesses and at community events by our CDM team.

Net Cumulative Energy Savings (% of Target Achieved):
Results continue to trend up year-over-year from 48% in 2012, to 66% per the Final Verified Annual 2013 CDM Report issued by the Ontario Power Authority on August 29, 2014. Results are reflective of continued promotion and uptake in the retrofit program. We are continuing to meet with existing customers on projects and marketing for new customers to increase final results.

Connection of Renewable Generation

Renewable Generation Connection Impact Assessment Completed on Time:
For renewable energy generation facilities that have a nameplate rated capacity of greater than 10 kW, the Connection Impact Assessment (CIA) is to be completed within the applicable timeline prescribed in Ontario Regulation 326/09 - on receipt of a complete application, these times are as follows: For projects up to 500 kW: (a) 60 days or (b) 120 days if an upstream electricity distributor CIA is required. For projects greater than 500 kW and less than 10 MW, the timeline is: (a) 90 days or (b) 120 days if it requires the involvement of other upstream electricity distributors. Whitby Hydro continues to consistently meet this requirement.

New Micro-Embedded Generation Facilities Connected on Time:
This is a new measure for 2013. For renewable energy generation facilities that have a nameplate rated capacity of less than or equal to 10 kW, an offer to connect is to be issued no later than 90 days after the date the connection request is received. After the project is installed and has passed the electrical safety inspection, Whitby Hydro must have the following information to finalize the connection: (a) Connection Authorization letter issued by the Electrical Safety Association; (b) payment for the connection costs; and (c) a signed "Micro-Embedded Generation Facility Connection Agreement". On receipt of all of the required connection information, Whitby Hydro must respond within 5 days to install and connect the meter at least 90% of time. Whitby Hydro met this target in 2013.

Financial Ratios

Liquidity:
Whitby Hydro maintains a strong liquidity ratio. The liquidity ratio decline in 2010 was a result of the Smart Meter Capital Program. The ratio increased in 2011 as a result of borrowing needed to fund the program.

Leverage: Total Debt to Equity Ratio:
Whitby Hydro maintains a strong debt to equity ratio. New borrowing occurred in 2011 to fund the Smart Meter Capital Program.

Profitability:
9.66% reflects the return on equity established during the last approved cost of service rate application.

Regulatory Return on Equity Achieved:
By definition, the regulatory rate of return calculation is based on the revenue and cost structures in the approved 2011 Cost of Service application with an allowable range of +/- 3%. For 2013, the scorecard rate of return includes items outside of the revenue and costs structures in the approved 2011 Cost of Service application. These elements however, are regulatory requirements and include the following: the 2013 smart meter disposition which requires the inclusion of revenue and costs from 2006-2012; regulatory requirements to changes in capitalization and depreciation; lower levels of taxes due to under recoveries in pass-through costs. Removing the impact of these items results in a Regulatory Return of 10.1% for 2013. The 2011 and 2012 rate of return is based on the revenues and costs structures in the approved 2011 Cost of Service application and is within the allowable range.