

Scorecard - Woodstock Hydro Services 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% | 99.60% | 100.00% | 100.00% | 99.60% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 100.00% | 98.20% | 99.70% | 99.70% | 100.00% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 89.80% | 75.30% | 82.10% | 81.10% | 79.90% | | 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 | 0.58 | 0.30 | 0.39 | 0.55 | 1.26 | | at least within 0.30 - 0.58 | | |
| | | Average Number of Times that Power to a Customer is Interrupted | 1.11 | 0.69 | 0.94 | 0.88 | 1.54 | | at least within 0.69 - 1.11 | | |
| | Asset Management | Distribution System Plan Implementation Progress | | | | | | | | | |
| | Cost Control | Efficiency Assessment | | | | 5 | 5 | | | | |
| | | Total Cost per Customer ¹ | \$724 | \$746 | \$759 | \$727 | \$723 | | | | |
| | | Total Cost per Km of Line ¹ | \$43,760 | \$45,321 | \$46,269 | \$44,326 | \$47,394 | | | | |
| 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 | | | 65.00% | 29.00% | 12.70% | | 4.49MW | | |
| | | Net Cumulative Energy Savings (Percent of target achieved) | | | 107.00% | 152.00% | 176.60% | | 18.88GWh | | |
| | 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% | | 90.00% | | |
| Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable. | Financial Ratios | Liquidity: Current Ratio (Current Assets/Current Liabilities) | 1.75 | 2.04 | 1.95 | 2.10 | 2.15 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 0.77 | 0.89 | 1.71 | 1.40 | 1.18 | | | | |
| | | Profitability: Regulatory Return on Equity | | | Deemed (included in rates) | 9.58% | 9.58% | 9.58% | | | |
| | | | | | Achieved | 8.35% | 11.84% | 26.17% | | | |

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

Service Quality Measures continue to exceed Industry Targets.

Customer Satisfaction

First Contact Resolution and Billing Accuracy measure reporting will be provided for the 2014 period. A Customer Satisfaction Survey was issued in August 2014 and the results will be provided for the 2014 period.

Safety

Public Safety measures to be determined at a future date.

School safety presentations continue to be an important part of our public safety outreach campaign. Over the past four years, we have created and implemented a Customer Service Inspection program that entails a field inspection of every service within our distribution territory. A prescriptive list of deficiencies are noted during the site inspection followed by a letter to each customer with noted issues. Customers who fail to address deficiencies are referred to the Electrical Safety Authority who then follow up and provide their opinion and required customer action.

This inspection program in particular is driving a notable improvement in public, customer and worker safety.

System Reliability

An unexpected spike in weather related outages and equipment breakdown produced lower SQI results than expected for 2013. Primary weather drivers include lightning and ice storm events. WHSI works closely with the City of Woodstock to ensure adequate line clearing activities are completed and we expect this helped avoid an even higher incidence of ice storm damage than we otherwise suffered.

In November 2013, an underground transformer vault fire created a cascading failure event. Although root cause of the fire was never determined (in spite of ESA and WHSI investigative efforts), an outcome to avoid similar events included the elimination of underground transformer installations, improvement in trouble response procedures and a re-evaluation of transformer fuse protection strategies.

WHSI is an ISO 9001:2008 registered company who tracks all non-conforming events through our continuous improvement process. All outage events (including instantaneous of less than one minutes are recorded with an NCR number (non-conformance report) and a root cause review, images and preventive action are reviewed when possible.

A regressive curve of outages in WHSI territory since 2007 illustrates a general improvement year over year of Service Quality statistics and we anticipate 2013 will reveal itself as an exception.

Asset Management

WHSI had intended to submit a Distribution System Plan with the 2015 Cost of Service Application. In light of the "MAADS" Application filed by Hydro One Inc. (HON) with the OEB on July 10, 2014 (EB-2014-0213) for approval of HON's purchase of the shares of WHSI and other related relief, the 2015 Cost of Service Application will not be filed.

Cost Control

Cost Control measures are based on the PEG Report released on August 14, 2014. WHSI believes that its placement in Tranche 5 can be attributed in part, to higher than typical customer demand for capital investment driven by local economic growth, and renewal in our service territory. Costs include the non-ICM portion of the Commerce Way TS and a multi-year system 4kV conversion project. System renewals such as this will improve future reliability performance measures.

WHSI believes that an LDC should not be penalized when local economic growth and customer demand is greater than the standard parameters that are set in the PEG model.

Conservation & Demand Management

WHSI continues to perform effectively in CDM related activities. As we close out the 2011-2014 CDM term with OPA, we expect to exceed our conservation targets by more than double and hope to finish the term as top performer in energy reduction within the Ontario LDC community.

Our demand reduction targets will not likely be met for this term, however we continue to implement every OPA demand related program available.

Connection of Renewable Generation

Our position on renewable energy in Ontario is that of a partner with the Province and private sector installers. We believe renewable energy will play an increasingly important role in generation and distribution at a global level.

Our reputation and actions demonstrate this philosophy through ownership of WHSI and City of Woodstock owned solar installations and through our 'can-do' attitude when working with customers and installers during the installation and commissioning of new renewable energy sites.

Financial Ratios

WHSI consistently achieved a strong current ratio due to the implementation of a prudent, long term cash management plan. The 2011 peak in Total Debt to Equity Ratio of 1.71 includes new financing for the Commerce Way TS Capital Contribution. The 2013 decline to 1.18 reflects in part, the equity impact of the unrealized gain on interest rate swaps. The 2011 regulatory return is lower than the deemed rate due to timing differences between the fiscal and rate years. The 2013 regulatory return on equity reflects, in part, the impact of the unrealized gain on interest rate swaps and the transfer of smart meter revenues and expenditures to rate base.