

Scorecard - Bluewater Power Distribution Corporation

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	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%	98.00%	90.40%	92.20%	94.20%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	99.80%		90.00%		
		Telephone Calls Answered On Time	57.90%	73.10%	79.80%	77.00%	73.10%		65.00%		
	Customer Satisfaction	First Contact Resolution					99.1%				
		Billing Accuracy					99.92%		98.00%		
		Customer Satisfaction Survey Results					74% Good				
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 [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	NI			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	1.51	2.78	2.75	1.82	0.89			at least within 1.51 - 2.78	
		Average Number of Times that Power to a Customer is Interrupted	2.11	2.38	4.27	1.48	0.68			at least within 1.48 - 4.27	
	Asset Management	Distribution System Plan Implementation Progress					95%				
	Cost Control	Efficiency Assessment				3	3	3			
		Total Cost per Customer ¹	\$567	\$609	\$624	\$646	\$637				
Total Cost per Km of Line ¹		\$26,921	\$28,054	\$28,058	\$29,017	\$29,216					
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		29.71%	36.19%	42.99%	56.60%			10.65MW	
		Net Cumulative Energy Savings (Percent of target achieved)		38.85%	61.05%	71.75%	84.12%			53.73GWh	
	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%	87.50%			90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.52	1.53	1.62	1.66	1.49				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.07	1.18	1.12	1.01	0.92				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.01%	8.01%	8.98%	8.98%			
			Achieved		9.20%	9.70%	11.40%	10.17%			

Notes:

- 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.
- The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend: up down flat
 target met target not met

Appendix A – 2014 Scorecard Management Discussion and Analysis (“2014 Scorecard MD&A”)

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 2014 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Bluewater Power is pleased to report on its Scorecard results for 2014. Bluewater Power serves over 36,000 customers throughout six Municipalities in Lambton County and serves our customers in the most efficient and reliable way possible every day. The Ontario Energy Board (“OEB”) has determined that the measures below are important for distributors to report on, and the measures touch on all aspects of our service requirements.

Service Quality

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

Distributors must connect a new service for a customer within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2014, Bluewater Power connected 435 of the 462 new services or 94.2% within the five day time frame.

- **Scheduled Appointments Met On Time**

For appointments required during Bluewater Power’s regular business hours, we must offer a window of time that is not more than four hours long, and must arrive within that window 90% of the time. Bluewater Power met that requirement 99.8% of the time in 2014.

- **Telephone Calls Answered On Time**

During Bluewater Power’s regular call center hours, we must answer phone calls within 30 seconds of receiving the call, 65% of the time. Bluewater Power received over 46,000 phone calls during 2014, and 73% of the time they were answered within 30 seconds. Bluewater Power strives to manage the phone calls in an efficient manner, and to be able to handle unforeseen events such as extreme weather, legislative changes, and new business practices within existing staffing levels.

Customer Satisfaction

- **First Contact Resolution**

The Ontario Energy Board instituted four new measures to be reported on in 2014, those being: 1) First Contact Resolution, 2) Billing Accuracy, 3) Customer Satisfaction Results, and 4) Public Safety. First Contact Resolution is a measure of how effective a distributor is at meeting a customer's needs the first time the utility is contacted. The OEB has not mandated how this measure is to be calculated, therefore there will be many different ways and different values presented by utilities. In Bluewater Power's case, each time a customer calls, a 'reason code' is input on the customer record to indicate why the customer was contacting Bluewater Power. An analysis was then performed which reviewed all of the contacts within the year and noted any contacts that were duplicated from the same customer without a resolution. The end result is that Bluewater Power successfully addressed 99.2% of customer's issues at the first contact.

- **Billing Accuracy**

The Ontario Energy Board prescribed a measurement of billing accuracy which must be used by all distributors effective October 1, 2014. Bluewater Power issued over 58,000 bills from October to December 2014, and 99.9% of them were issued correctly which exceeds the minimum requirement of 98%.

- **Customer Satisfaction Survey Results**

Distributors are required to report on customer satisfaction results at least every other year. In December 2014, Bluewater Power hired a third party consultant to perform a telephone based customer satisfaction poll. 400 residential customers and 200 commercial customers were surveyed during a one week period. 74% of residential customers were satisfied with Bluewater Power as their provider by giving us a good or very good rating, and 85% of commercial customers gave a good or very good rating.

Safety

- **Public Safety**

The Ontario Energy Board introduced the Public Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The data for the Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components as outlined below.

- **Component A – Public Awareness of Electrical Safety**

The public awareness component is expected to measure the level of awareness of key electrical safety precautions among public within the distributors service territory. A standard survey will be created and implemented towards the end of 2015 and the results of this survey will be reported in 2016.

- **Component B – Compliance with Ontario Regulation 22/04**

Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before the assets are put into service. The regulation is monitored through an audit of compliance. There are 3 levels assessed: Non-compliance (NC), Needs Improvement (NI), and Compliant (C). Bluewater Power has been Compliant for the years 2010-2013, and was assessed a Needs Improvement for 2014 based on results from Due Diligence Inspections as identified by the ESA. At Bluewater Power, safety of both the public and employees is paramount; Bluewater Power has taken corrective action by changing internal processes to eliminate unsatisfactory conditions and increased awareness with field staff in regard to the ESA requirements as they pertain to ESA Regulation 22/04.

- **Component C – Serious Electrical Incident Index**

This index measures the number and rate of serious electrical incidents occurring on a distributor's assets affecting the public, and is normalized per km of line. Bluewater Power has had zero serious electrical incidents involving the public over the last five years.

System Reliability

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

An important feature of a reliable distribution system is recovering from power outages as quickly as possible. Bluewater Power must track the average length of time, in hours, that its customers have experienced a power outage over the past year. This is calculated as the number of total hours of power interruptions divided by the average number of customers served within a year. The 2014 result is 0.89 hours per customer, meaning in 2014 the average customer experienced less than one hour of interruption for the year. The 2014 result is lower than the prior 3 years which is a positive trend as it means fewer hours of interruption. The downward trend in 2014 is the result of efficient restoration of power when there is an outage, the cumulative impact of system improvements over the last few years, as well as more favorable weather conditions in 2014 than in prior years.

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

Another important feature of a reliable distribution system is reducing the frequency of power outages, thus Bluewater Power must track the number of times its customers have experienced a power outage in the last year. This is calculated as the number of interruptions divided by the average number of customers served within a year. The 2014 result is 0.68 meaning the average customer experienced less than one outage for the year. As noted in the above measure, a downward trend is a good thing. The value in 2014 is half of what it was in 2013, again related to efficient operation of the distribution system, the cumulative impact of system improvements as well as favorable weather conditions.

Asset Management

- **Distribution System Plan Implementation Progress**

Bluewater Power undergoes a rigorous planning process each year to establish the amount of asset maintenance and asset replacement that is warranted in order to have a safe, reliable distribution system. Each utility uses a different way to assess whether their work is 'on track' with their plans. Bluewater Power categorizes each capital project based on high, medium or 'other' projects mainly based on the specific project's impact on system reliability. In 2014, Bluewater Power had 10 projects in the high priority category valued at approximately \$1.2 million. Bluewater Power focuses on these high priority projects as they typically relate to improvements in system reliability. In 2014, we spent 95% of the budget allocated to the high priority projects. The remaining capital projects are completed based on priority and Bluewater Power is continually balancing resources to focus on completing capital projects as planned.

Cost Control

- **Efficiency Assessment**

Bluewater Power must manage its costs successfully in order to assure its customers they are receiving value for the cost of the service they receive. The 'total costs' are calculated as the sum of capital cost and operations and maintenance costs, including certain adjustments to make the costs more comparable between distributors. These total costs are evaluated to produce a single 'efficiency' ranking for each utility. The ranking is based on how big the difference is between each utility's actual and predicted cost as determined by a study undertaken by the Ontario Energy Board. Utilities whose actual costs are lower than predicted costs are considered more efficient and are assigned to Group 1 or Group 2. Utilities that are considered average performers will be assigned to Group 3, and utilities whose actual costs are higher than predicted costs will be assigned to Group 4 or 5. Bluewater Power is in the middle ranking (Efficiency Assessment = 3) of five groups which means our actual costs are close (+/-10%) to what was predicted by the study.

- **Total Cost per Customer**

A somewhat simple measure that can be used to compare utilities is the Total cost per customer. Bluewater Power's cost per customer in 2014 is \$637 which is in the middle range of all distributors.

- **Total Cost per Km of Line**

Similar to the Total Cost per Customer noted above, another simple measure is the utilities Total Cost per km of line. Bluewater Power's cost per km of line is \$29,216 which is also in the middle range of all distributors.

Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved)**

The Ministry of Energy and Infrastructure issued a directive to the Ontario Energy Board in 2010 with regard to electricity conservation. The Ontario Energy Board in turn established targets for each utility to achieve in order to fulfill the Minister's Directive by 2014. The targets were established in order for utilities to help its customers reduce their electricity consumption usually by implementing more efficient products in their homes and businesses. Utilities had targets based on both Annual Peak Demand Savings (measured in MW) and the Cumulative Energy Savings (measured in MWh). Bluewater Power's result for Net Annual Peak Demand Savings was 56.6% of the peak demand target of 10.65 MW. The vast majority of the 70+ distributors in the province did not achieve their target, in fact only 6 distributors did meet target, and 41 distributors were at or below the level achieved by Bluewater Power. In recognition of the difficulty in achieving peak demand targets, mainly related to the lack of adequate Demand Response programs, the Ministry of Energy has removed the peak demand targets from the new Conservation First framework which covers the 2015-2020 period.

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

As noted above, the second measurement related to energy conservation is the cumulative energy savings achieved over the 2011-2014 period. Bluewater Power achieved 84.1% of the 53.7 MWh target. Although Bluewater Power did not achieve 100% of the target, we are pleased with the results, and pleased with the efforts both residential and commercial/industrial customers made in conserving energy.

Connection of Renewable Generation

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

All distributors must complete a connection impact assessment for a renewable generator within 10 days. A connection impact assessment determines whether our current system can accept the level of generation requested and determines what additional assets may be required. Bluewater Power has achieved the required timeline 100% of the time for the last 5 years.

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

All distributors must connect smaller generators (< 10 kW) such as rooftop solar panels, within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2013, Bluewater Power connected 33 micro-embedded facilities within the timeline 100% of the time. In 2014, Bluewater Power connected 7 out of 8 micro-embedded facilities within the timeline however that results in a factor of 87% which is below the required 90% measure. Bluewater Power has addressed the anomaly through making internal process changes and anticipates fully meeting the timelines in the future.

Financial Ratios

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

The current ratio measures whether or not the utility has enough resources (assets) to pay its debts (liabilities) over the next 12 months. Bluewater Power's current ratio for 2014 is 1.49 which is a favorable value.

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

This ratio measures the degree to which the utility is leveraging itself through its use of borrowed money. Bluewater Power's debt to equity ratio for 2014 is 0.92. This is slightly lower than the previous 4 years due to the growth in retained earnings being higher than the reduction in overall debt.

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

Return on Equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the Ontario Energy Board. The deemed rate allowed for Bluewater Power is 8.98%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs.

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

The achieved rate indicates the utilities actual Return on Equity earned each year. In 2014, Bluewater Power earned a return on equity of 10.17% which is within the allowed range of +/-3 % of the deemed return on equity. Bluewater Power is proud of its financial results and the ROE is a result of continually balancing costs with productivity savings.

Note to Readers of 2014 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 judgement on the reporting date of the performance scorecard, and could be markedly different in the future.