

Scorecard - Brant County Power Inc.




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	99.00%	100.00%	100.00%	100.00%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	99.90%	100.00%	97.70%	↓	90.00%		
		Telephone Calls Answered On Time	93.80%	90.30%	96.10%	96.40%	94.50%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution						99.96%			
		Billing Accuracy						99.99%	→	98.00%	
		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	Level of Public awareness [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	NI	NI	NI	NI	NI	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	↔		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	0.48	1.91	0.41	3.04	2.71		↑		at least within 0.41 - 3.04
		Average Number of Times that Power to a Customer is Interrupted	0.59	1.16	0.64	0.81	0.92		↑		at least within 0.59 - 1.16
	Asset Management	Distribution System Plan Implementation Progress									Behind Plan
	Cost Control	Efficiency Assessment				4	4	3			
		Total Cost per Customer ¹	\$766	\$839	\$756	\$731	\$702				
Total Cost per Km of Line ¹		\$23,135	\$24,623	\$15,004	\$13,939	\$12,641					
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		10.60%	14.57%	19.35%	49.74%		●	3.30MW	
		Net Cumulative Energy Savings (Percent of target achieved)		16.47%	59.03%	72.30%	95.04%		●	9.85GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time					100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time					100.00%	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)	1.69	1.50	1.90	1.86	1.40				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.41	0.40	0.51	0.47	0.50				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.58%	9.58%	9.58%	9.58%			
			Achieved		8.60%	6.90%	6.90%	9.84%			

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

Brant County Power Inc. (“BCP”) is proud of its accomplishments in 2014, having met or exceeded the performance targets as set out by the Ontario Energy Board (“OEB”) for Service Quality, Customer Satisfaction, System Reliability, and Connection of Renewable Generation, as well as demonstrated improvement in Cost Control, evidenced by an improvement in the Efficiency Assessment. Improvement in the area of Asset Management, in particular the development and execution of a Five Year Distribution System Plan, will be a continued focus in 2015.

The acquisition by Cambridge and North Dumfries Hydro Inc. (“CND”) of BCP was approved by the OEB in October 2014 and was completed on November 28, 2014. Under the terms of the purchase agreement, CND committed to retaining distribution rates for BCP customers at 2014 rates until such time as the rates for CND and BCP are harmonized, which is expected to be in 2019, at the time of CND’s next scheduled Cost of Service Application. In the longer-term, both BCP’s and CND’s customers are expected to benefit from economies of scale as a result of this transaction, as the expected savings will help to mitigate rate increases, as distribution rates are expected to be lower than either organization would have been able to achieve on their own. Effective January 1, 2016, BCP and CND will be amalgamated into one legal entity.

In 2015, BCP’s focus will be to continue to improve on its overall performance, with particular emphasis on: (i) communication and engagement with our customers; (ii) planning and executing on the integration of the operations of BCP and CND to achieve the expected operating efficiencies and costs savings, including transitioning to one common platform for each of the Customer Information System and Enterprise Resource Planning systems, while at the same time ensuring a seamless transition for the customer; (iii) continued execution of the planned capital expenditure investments to ensure the continued reliability of our distribution system; and (iv) developing a long-term Conservation and Demand Management plan for our customers, based upon direction by the Ontario Government under the 2015-2020 Conservation First Framework. The Conservation First Framework is designed to reduce electricity consumption across the Province by 7 terawatt-hours (TWh) or seven billion kilowatt-hours (kWh) by December 31, 2020. BCP’s target has been set at 15.95 GWh.

Service Quality

BCP is committed to providing excellent services and solutions for our customers. BCP proved its commitment to customer service by exceeding the industry standards in all three of the service quality measures.

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

BCP connected 123 new services for our customers, with 100% of the connections completed within 5 working days. BCP has consistently achieved 100%, which exceeds the OEB's guideline of 90% completion within 5 working days of the request being made.

- **Scheduled Appointments Met On Time**

BCP scheduled 2,853 appointments to complete work requested by customers in 2014, and completed 97.7% of these appointments on time. BCP has consistently exceeded the industry target of 90%.

- **Telephone Calls Answered On Time**

BCP received 21,838 telephone calls in 2014, or on average 87 calls per business day. In 2014, 94.5% of telephone calls were answered within 30 seconds. Telephone response times fluctuate principally based on the volume of calls and available call centre resources. The volume of calls may be impacted by a number of factors including: weather, high electricity bills due to extreme weather, events in the news that drive calls to the call centre, regulatory and rate changes displayed on customer bills, and payment arrangements. All of these factors can result in an increase in call volumes and increased time spent on each call with our customers. BCP has consistently exceeded the industry standard of 65%.

Customer Satisfaction

- **First Contact Resolution**

The OEB instructed all electricity distributors to review and develop a measurement in this area and to begin tracking by July 1, 2014. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this area in the future. As a result, each electricity distributor may have different measurements of performance until such

time as the OEB provides specific direction regarding the commonly defined measure.

BCP measures First Contact Resolution as the percentage of customer calls answered whereby the customer's initial request has been satisfied by the Customer Service Representative, as the first point of contact. Customer telephone calls that are not satisfied with the first contact are elevated to a second point of contact for resolution.

BCP is pleased to report that for the period July 1, 2014 to December 31, 2014, 99.96% of calls received by our Customer Care department were resolved by the first telephone contact, with only 9 customer calls identified as requiring a second point of contact.

- **Billing Accuracy**

For the period from October 1, 2014 to December 31, 2014, BCP issued 30,291 bills and achieved a billing accuracy of 99.99%, which compares favourably to the prescribed OEB target of 98%.

- **Customer Satisfaction Survey Results**

The OEB introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time, the OEB is allowing electricity distributors discretion as to how they implement this measure.

BCP implemented a customer satisfaction survey in 2014, which was available on the website (www.brantcountypower.com) and available at its office. Unfortunately, BCP did not receive any customer responses to the survey, and as a result, there is no measure reported for 2014. Due to the lack of participation in the on-line Customer Survey, BCP intends to take a more proactive approach to surveying its customers in 2015 by sending out customer surveys following customer interaction with the Customer Care call centre.

In 2015, customer service practices at BCP are being transitioned to align to those of CND. CND engages in a number of activities to engage customers on a regular basis. CND also prepares a formal biennial Customer Satisfaction Survey using the expertise of a third party firm. The service territories of both CND and BCP will be incorporated into the next biennial customer survey scheduled for 2016.

Safety

Public safety, and the health and safety of our employees is a core value. BCP is dedicated to pursuing excellence in safety and wellness and takes responsibility for our personal safety, the safety of each other and the safety of our customers and communities. We continuously work to strengthen our safety culture. Our employees and contractors are trained and equipped for the hazards that may be encountered while performing their duties. We encourage and promote safety and wellness at work, at home, and in the communities we serve.

- **Public Safety**

The public safety measures are new measures for 2014 and have been implemented by the OEB, based upon recommendations provided by the Electrical Safety Association (“ESA”), the agency overseeing electrical safety and inspections in Ontario. The public safety measure includes three components: (i) Public Awareness of Electrical Safety; (ii) Compliance with Ontario Regulation 22/04; and (iii) Serious Electrical Incident Index.

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

This component of the public safety measure will be based upon a biennial survey (i.e. every second year) developed by the ESA in consultation with electricity distributors and the Electricity Distributors Association. The OEB expects that the first reporting of this component of the public safety measure will be shown on the 2015 Scorecards, published in 2016.

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

Ontario Regulation 22/04 (“OR 22/04”), is provincial regulation that dictates the safe design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspections of construction before the electrical distribution system components are placed into service.

BCP has received a “Needs Improvement” rating with respect to the Level of Compliance with OR 22/04. Needs Improvement is defined to be: (i) a failure to fully comply with OR 22/04; or (ii) non-pervasive failure to comply with adequate, established procedures for complying with Regulation 22/04.

BCP is committed to ensuring a safe work place and compliance with all applicable regulations. Subsequent to the acquisition of BCP by CNL, an integration team, comprised of employees from CNL and BCP, have been working together to ensure processes are

harmonized and implemented to ensure full compliance with OR 22/04 in 2015 and onwards. As a result of the acquisition, the employees, customers and community of Brant County will benefit from a dedicated Health & Safety team, a fully-integrated and maintained health and safety system, and well established processes and procedures to ensure that work continues to be carried out in compliance with OR22/04.

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

BCP is pleased to report that it did not experience any serious electrical incidents in the years 2010 to 2014, resulting in a Serious Electrical Incident Index of 0.000 in each of the years.

System Reliability

Yearly fluctuations in system reliability performance measures can result from variations in weather, such as extreme lightning, excessive snowfalls, and ice storms, as well as foreign interference such as animal contacts and motor vehicle accidents.

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

In 2014, the measure of Average Number of Hours that Power to a Customer is Interrupted was 2.71, which is within the range of 0.41 to 3.04 experienced in the period 2010 – 2013. This measure for 2014 represents an improvement over the results experienced in 2013. Customers will recall that the 2013 results reflect two very large storms in 2013, a twister that touched down in the County of Brant in July 2013, and most notably the severe ice storm that hit southern and eastern Ontario on December 21st and 22nd, 2013.

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

In 2014, the measure of Average Number of Times that Power to a Customer is Interrupted was 0.92, which is within the range of 0.59 and 1.16 experienced in the period 2010 – 2013.

The increase in this measure from 2013 to 2014 was principally attributable an increase in frequency of weather related events, as well as tree contact. BCP plans to increase its tree trimming cycle from 5 years to 3 years to address the encroaching of tree limbs on the power lines, particularly in the rural areas.

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with the other new measures, electricity distributors were given an opportunity by the OEB to define the measure in the manner that best fits their organization. The OEB may develop a standard in the future, based upon the methodologies that utilities use to define their measure.

A Distribution System Plan (“DSP”) outlines a distributor’s forecasted capital expenditures, over a five year period, required to maintain and expand the distributor’s electricity system to serve its current and future customers. In March 2013, The OEB issued guidelines with respect to the development and filing of a DSP, which requires a distributor to file a DSP within 5 years of the date of the most recent OEB decision approving rates under a Cost of Service Application, and every five years thereafter. BCP’s most recent Cost of Service Application was approved on May 9, 2011 for rates effective May 1, 2011. As such, BCP is required to prepare and file its DSP in 2016.

For purposes of the DSP measure for 2014, BCP has measured the progress of its capital expenditure plan based on the percentage of actual capital expenditures for the year, compared to the budget for the year. The percentage so determined is then converted based on the following scale:

>100% completed = Ahead of Plan

70% – 100% completed = On Plan

<75% completed = Behind Plan

This measure is fairly consistent with how BCP, as part of the newly amalgamated entity of CND and BCP, intends to measure its future effectiveness at planning and implementing the DSP. In future years the measure will be based on the percentage of actual capital expenditures made, compared to the amount of planned capital expenditures per the DSP. The computation will be performed on a cumulative basis over the five year term of the DSP.

In 2014, BCP was “Behind Plan”. Total capital expenditures for the year were \$1.5MM, or 58% compared to the planned capital expenditures of \$2.6MM. Actual expenditures were less than budget principally due to changes in project scheduling. BCP’s capital expenditure program for 2015 incorporates the projects that were deferred from 2014.

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2014, for the first time, BCP was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered “average efficiency” – in other words, BCP’s costs are within the average cost range for distributors in the Province of Ontario. This is an improvement over the prior years, where BCP was placed in Group 4, which is defined as having actual costs that are 10% to 25% above predicted costs. In 2014, 45% (33 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 26% were ranked as “least efficient”.

The merger of CNL with BCP is expected to result in net annual savings of approximately \$1.2 million to \$1.5 million, including reductions in operations, maintenance and administration costs as well as reductions in capital expenditures of \$0.2 to \$0.3 million per year. The savings will be realized through cost synergies in areas such as: accounting, administration and customer service; utilization of CNL’s full-time engineering department in place of BCP using third party engineers; reduction in corporate governance costs, with the consolidation of two Board of Directors to one; reduction in information technology (“IT”) costs as a result of combining key IT systems and reduction of third party support costs; and reduction in future regulatory costs associated with fulfilling regulatory requirements. In the longer-term, both CNL’s and BCP’s customers are expected to benefit from economies of scale as a result of this investment, as the expected savings will help to mitigate expected future increases in electricity costs. Details of the acquisition are available for public viewing on the OEB website under EB-2014-0217.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of BCP’s capital and operating costs and dividing this cost figure by the total number of customers that BCP serves. The cost performance result for 2014 is \$702 per customer, representing a 4.0% reduction over 2013 levels. The cost per customer has been declining year over year from a high of \$839 in 2011 to \$702 in 2014. This represents a reduction of \$137 per customer or 16% over 3 years.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The Total cost is divided by the kilometers of line that BCP operates to serve its customers. BCP's 2014 rate is \$12,641 per Km of line, a 9.3% decrease over 2013 and an average annual decrease of approximately 11% since 2010.

BCP has experienced growth in its service territory over the past five years, both in terms of number of customers and kilometers of lines. Since 2010, BCP's kilometers of line has increased from 320 kilometers in 2010 to 554 kilometers in 2014. BCP's customer base has increased from 9,667 in 2010 to 10,112 in 2014. Utilities with higher growth rates are able to fund capital renewal and operating costs through customer growth.

Conservation & Demand Management

BCP is pleased to report that it has substantially achieved its Energy Savings target. Although the Peak Demand Savings target was not met, significant progress towards the target was made in 2014.

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

BCP has achieved 49.74% of its target of 3.30MW. Consistent with many utilities in the province, the demand target was a challenge to achieve. A diminished suite of programs, delayed launches, and reduced financial reward for demand response led to lower than expected MW savings. In spite of these challenges, BCP increased its demand target significantly in 2014, from 19.35% to 49.74%, due to the introduction of a demand response program that was utilized by a few of BCP's larger commercial customers.

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

BCP has achieved 95.04% of its target in this area. Strong results were realized in the variety of consumer programs offered province wide and specific to BCP service territory.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (“CIAs”) within 60 days of receiving authorization from the Electrical Safety Authority. In 2014, BCP completed 4 CIAs, or 1 less than in 2013. All CIAs have been completed within the prescribed time limit.

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

In 2014, BCP connected 10 new micro-embedded generation facilities (microFIT projects of less than 10 kW) compared to 25 in 2013. All were connected 100% of the time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being “liquid”. The higher the number, the more ‘Liquid’ and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

BCP’s current ratio decreased from 1.86 in 2013 to 1.4 in 2014. The decrease in the current ratio was a result of an increase in short-term borrowings during the year and is not indicative of a decline in financial performance. In January 2015, BCP entered into a financing arrangement with its parent company CNL in the amount of \$2.45MM. The current ratio in 2015 is expected to continue to be greater than 1.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

BCP continues to maintain a debt to equity structure consistently below 1.5, ranging from a low of 0.40 in 2011 to a high of 0.51 in 2012. Subsequent to the legal amalgamation of CNL and BCP, the total debt to equity ratio is expected to remain within a healthy range of 1.0-1.25, still below the OEB's deemed capital structure.

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

BCP's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.58%. The OEB 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 structure by the OEB.

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

BCP's return achieved in 2014 was 9.84%, an increase of 2.9% over the 6.9% earned in 2012 and 2013. The average return over the past three years was 7.88%. The increase in BCP's return in 2014 was principally attributable to improved operating results, principally due to lower operating expenses. This result is consistent with BCP's improved efficiency assessment. BCP's return on equity is within the +/- 3% range allowed by the OEB.

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.