

Scorecard - Cooperative Hydro Embrun 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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	93.50%	93.30%	96.00%	97.00%	97.60%	⬆️	65.00%		
	Customer Satisfaction	First Contact Resolution						92%			
		Billing Accuracy						99.98%	➡	98.00%	
		Customer Satisfaction Survey Results						90%			
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	C	➡		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	0.00	9.00	0.08	0.04	0.01	⬇️		at least within 0.00 - 9.00	
		Average Number of Times that Power to a Customer is Interrupted	0.00	3.00	0.02	0.02	0.13	⬇️		at least within 0.00 - 3.00	
	Asset Management	Distribution System Plan Implementation Progress						In Progress			
	Cost Control	Efficiency Assessment			2	2	2				
Total Cost per Customer ¹		\$531	\$560	\$532	\$568	\$530					
Total Cost per Km of Line ¹		\$38,540	\$40,516	\$38,571	\$39,819	\$31,886					
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		15.36%	19.64%	47.09%	64.44%	🔴		0.34MW	
		Net Cumulative Energy Savings (Percent of target achieved)		25.30%	84.80%	124.12%	137.10%	🟢		1.12GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		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)	2.88	3.19	3.24	3.14	3.09				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.36%	9.36%			
			Achieved		6.26%	10.28%	8.43%	4.35%			

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 include any persisting peak demand savings from the previous years.

Legend: up down flat
 target met target not met

Cooperative Hydro Embrun Inc.

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

Scorecard MD&A - General Overview

In 2014, Cooperative Hydro Embrun (“CHE”) exceeded all performance targets with the exception of the 1 measure related to Conservation and Demand Management. Like many utilities in Ontario, CHE was not able to meet its net annual peak demand savings in 2014 achieving only 64.44% of its target. For all other measures, utility either maintained or exceeded its targets in 2014. The most significant improvement in 2014 was the cost control measures. The utility managed to improve its efficiency assessment, and reduce both its cost per customer and cost per km of line. This is as a result of the utility continuously seeking ways to implement cost saving solutions and promoting cost sharing with neighboring utilities. In 2014, the utility also conducted its first customer satisfaction survey. The volunteer participation levels were high and the results were very positive. In 2015, the company will continue to strive to improve its overall scorecard performance results as compared to prior years.

Service Quality

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

In 2014, CHE connected 100% of its 35 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). CHE is currently working with local municipalities, to further enhance the coordination between municipal and electrical distribution construction activities.

- **Scheduled Appointments Met On Time**

In 2014 CHE scheduled 24 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2014 CHE customer service received 1,655 calls from its customers. An agent answered a call in 30 seconds or less in 97.6% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2014 result amounts to a 0.6% improvement over

2013. Call volumes increase slightly due to increase in customers and adverse weather conditions.

Customer Satisfaction

- **First Contact Resolution**

For CHE, First Contact Resolution was measured based on surveyed customers - CHE has only recently started tracking its "First Contact Resolution" metric. In order to comply with this requirement, the utility used the results 9 related survey questions. The utility is of the opinion that the results reflect accurate results.

Customers were asked to rate various facets of their customer experience, including Courtesy, Knowledge and Promptness and were also asked if their issue (i.e. their reason for calling) was resolved on their first call to the utility. CHE's internal process dictates that within 24 hours of their initial inbound contact, a customer service representative will contact the customer either via phone or email in an attempt to answer questions or attempt to resolve the issue. If need be, the general manager will intervene to help resolve the issue.

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from October 1, 2014 – December 31, 2014 CHE issued more than 10,000 bills and achieved a billing accuracy of 99.8%. This compares favourably to the prescribed OEB target of 98%. CHE continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

CHE conducted a customer satisfaction survey in September of 2014. The survey was the first survey conduction by the utility. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options
- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.

- Customer support for greater use of renewable energy.
- Customer opinions regarding how aggressively sustainable practices should be pursued.
- Cost of Electricity
- Overall Performance

The survey was developed in-house through a collaborative effort of 6 utilities. Developing an in-house survey gave the group more control and flexibility surrounding the delivery of the survey. The group approached a select number of customer for their opinion on the method in which they would prefer to be approached by the surveyors (e.g. written survey, online survey or phone survey). The customer's least preferred method was a phone survey. In Cooperative Hydro Embrun Inc.'s case, a bill insert was sent along with the customer bills, to all 2,006 customers and the survey posted on the utility's website. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. With those parameters, the recommended sample size was determined to be 329. The utility received 375 responses to its survey which represents 19%. The survey results were very positive and the utility will use the results to continuously improve its overall performance.

In compliance with Board policy, the utility intends on conducting the survey on a bi-annual basis in an effort to monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

Safety

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customer's point of view as safety of the distribution system is a high priority. The Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

Component A – Public Awareness of Electrical Safety

Note that this measure is still under development by the OEB and that Cooperative Hydro Embrun's data is not available for 2014. 2016 will be the first year that the data for this component of measure will be shown on the scorecard for the 2015 results.

Component B – Compliance with Ontario Regulation 22/04

CHE hires the services of a third party service (Quasar) to conduct yearly audits – usually conducted in the spring. During the fall of the same year, the ESA will conduct a full field audit and collect the results of Quasar’s spring audit. Over the past three years, CHE was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by a commitment to safety, and adherence to company procedures & policies.

Component C - Serious Electrical Incident Index

CHE has not encountered any electrical incidents in the past three years.

System Reliability

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

CHE experienced a significant decrease in the average number of hours that power to a customer was interrupted during 2014. The result of the decrease was that 2014 had less weather events than 2013. The number of interruptions decreased from 78 in 2013 to 17.

CHE’s system reliability is very stable and only varies with poor weather which tends to fall outside of the utility’s control. If a power failure occurs inside of the utility’s distribution system, the utility is quick in responding and rectifying the issue. CHE continues to view reliability of electricity service as a high priority the utility continues to monitor its distribution assets on a regular basis.

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

CHE experienced a significant decrease in the average number of interruptions during 2014. The result of the decrease was that 2014 had better weather and less storms than 2013. The number of interruptions decreased from 32 in 2013 to 6 in 2014.

Asset Management

- **Distribution System Plan Implementation Progress**

CHE filed an Asset Management Plan as part of its 2014 Cost of Service application. Accordingly, CHE is now in the process of developing its Distribution System Plan (“DSP”).

CHE has reported 60% completion of the DSP at December 31, 2014. This result refers to the percentage represented on a project management progress view of the drafting of the DSP document itself, and does not reflect implementation.

Cost Control

- **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. CHE was placed in Group 2 which represents a stretch factor of 0.15. This also represents no change from 2013. CHE's costs have decreased by 5.9% in 2014 compared to 2013. CHE will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CHE's capital and operating costs and dividing this cost figure by the total number of customers that CHE serves. The cost performance result for 2014 is \$530 /customer which represents a 0.6% decrease from 2013.

CHE will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in its 2014 Cost of Service application, CHE will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on CHE's capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

CHE's 2014 rate is \$31,886 per Km of line, which represents a 19% decrease over 2013. CHE generally experienced a low level of growth in its total kilometers of lines due to its small service area. CHE continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

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

CHE achieved 64.44% of its net annual peak demand savings. The utility's service area is primarily residential and it is difficult to target energy savings with a small number of General Service customers. This situation is fairly common. As indicated in the Board's letter issued on December 17, 2014, collectively, distributors reduced provincial peak demand by approximately 405 MW in 2013 which represented approximately 30% of the peak demand savings target. A large majority of distributors cautioned the Board that they did not expect to meet their peak demand targets.

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

CHE achieved 137.10% of its targets for the period of 2011-2014 which far exceeds its 100% goal. The details of the CDM strategies were filed with the IESO/OPA and OEB.

Connection of Renewable Generation

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

CHE does not have any Fit projects in 2014 and as such did not need Connection Impact Assessments

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

In 2014, CHE connected 2 new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Both connections were connected within the prescribed time frame of five business days. CHE works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

CHE's current ratio declined slightly from 3.14 in 2013 to 3.09 in 2014. The ratio still exceeds the indicator of good financial health.

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

CHE does not have any debts per se however, in accordance with Board policy the utility 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).

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

CHE's current distribution rates were rebased and approved by the OEB in 2014 and include an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

CHE's current ratio is 4.3 which represents a decrease of 5.05% from the above deemed ROE. CHE's actual rate of return for 2014 was 4.44% which creates a deficiency of 2.12% or -\$59.460. As mentioned above, the utility has put several analysis tools in place to ensure that the utility's rate of return is more in lined with the approved rate of return.

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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.