

# Scorecard - E.L.K. Energy Inc.

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	98.30%	100.00%	96.80%	94.40%	92.90%		90.00%		
		Scheduled Appointments Met On Time	100.00%	96.60%	100.00%	96.20%	100.00%		90.00%		
		Telephone Calls Answered On Time	95.80%	96.40%	97.00%	97.40%	97.00%		65.00%		
	Customer Satisfaction	First Contact Resolution					98%+				
		Billing Accuracy					99.97%		98.00%		
		Customer Satisfaction Survey Results					Excellent				
<b>Operational Effectiveness</b>  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	2.82	0.80	1.22	1.05	1.12			at least within 0.80 - 2.82	
		Average Number of Times that Power to a Customer is Interrupted	0.95	0.41	0.34	0.44	0.50			at least within 0.34 - 0.95	
	Asset Management	Distribution System Plan Implementation Progress					In Progress				
	Cost Control	Efficiency Assessment			1	1	1				
		Total Cost per Customer <sup>1</sup>	\$400	\$418	\$421	\$401	\$367				
Total Cost per Km of Line <sup>1</sup>		\$30,060	\$31,417	\$31,524	\$29,697	\$29,012					
<b>Public Policy Responsiveness</b>  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) <sup>2</sup>		7.52%	16.64%	24.76%	37.82%			2.69MW	
		Net Cumulative Energy Savings (Percent of target achieved)		25.50%	68.29%	83.97%	96.86%			8.25GWh	
	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%	100.00%			90.00%	
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.10	3.45	3.94	3.10	2.55				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.23	1.55	1.01	1.03	0.81				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.00%	9.00%	9.12%	9.12%			
			Achieved		4.07%	11.90%	9.20%	19.22%			

**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

- In 2014, E.L.K. Energy Inc. (E.L.K.) exceeded all performance targets with the exception of the conservation and demand targets (similar to most LDC’s), although E.L.K. did achieve 97% of the cumulative energy savings target. In 2015 E.L.K. will continue to strive to achieve positive scorecard results and continue to look for ways to improve the customer experience.

### Service Quality

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

In 2014 E.L.K. connected 92.90% of approximately 112 eligible low-voltage residential and small business customers to E.L.K.’s system within the five day timeline prescribed by the Ontario Energy Board (OEB). This is above the OEB mandated threshold of 90%.

- **Scheduled Appointments Met On Time**

In 2014 E.L.K. scheduled approximately 100 appointments with customers in 2014 to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. E.L.K. met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2014 E.L.K. customer service agents received over 13,400 calls from its customers. An agent answered a call in 30 seconds or less in 97% of these calls which is consistent with 2013. This result significantly exceeds the OEB –mandated 65% target for timely call response. The call volume decreased from 2013 was approximately 4% and can be attributed to successfully promoting on-line self-serve features, and internal process improvements.

## Customer Satisfaction

- **First Contact Resolution**

In 2014, E.L.K. conducted a customer satisfaction survey online which resulted in an overall positive customer experience. The number of customer issues that required escalation after the first contact were minimal. Success rate of resolving the customer issue is over 98%.

- **Billing Accuracy**

For the period from October 1, 2014-December 31, 2014 E.L.K. issued approximately 35,000 electricity bills and achieved a billing accuracy of 99.97%. This compares favorably to the prescribed OEB target of 98%.

- **Customer Satisfaction Survey Results**

In 2014, E.L.K. conducted a customer satisfaction survey online which resulted in an overall positive customer experience.

## Safety

- **Public Safety**

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

This component of the public safety measure will not have performance data for the 2014 scorecard because the survey result is not available. This measure is still under development by the OEB. The year 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**

E.L.K. has been found to be in compliance from 2010 through 2014, all years which analysis had been captured for. E.L.K. will continue to strive for excellence.

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

E.L.K. has been found to have zero serious safety incidents from 2010 through 2014 as provided by Electrical Safety Authority.

## System Reliability

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

In 2014 E.L.K.'s average number of hours that power to a customer was interrupted was 1.12 which is consistent with 2013 and within the target range of 0.8-2.82.

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

In 2014 E.L.K.'s average number of times that power to a customer is interrupted (i.e. frequency) is 0.5 which is within the target range of 0.34-0.95.

## Asset Management

- **Distribution System Plan Implementation Progress**

Currently in process

## 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. 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 third year in a row, E.L.K. was placed in Group 1, where a Group 1 distributor is considered most efficient. E.L.K. was one of six other utilities in Group 1 in 2014.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of E.L.K.'s capital and operating costs and dividing this cost figure by the total number of customers that E.L.K. serves. The cost performance result for 2014 is \$367/customer which is an 8.5% decrease over 2013.

- **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 E.L.K. operates to serve its customers. E.L.K.'s rate is \$29,012 per Km of line, which is consistent with 2013.

## Conservation & Demand Management

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

E.L.K. reached 38% of its Net Annual Peak Demand Savings as at the end of 2014. This result was very consistent with other utilities in the province as only four utilities achieved the 100% target. In order to improve and better the results for the 2015-2020 targets E.L.K. has engaged a new Conservation 3<sup>rd</sup> party provider. New initiatives, marketing strategies are out-reach programs are being planned for 2015 and beyond.

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

E.L.K. is pleased to have reached 97% of its four year net cumulative energy savings target by the end of 2014. Our successful achievement was made possible by strong and early participation by local commercial customers in our retrofit and energy efficient lighting programs.

## Connection of Renewable Generation

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

E.L.K. has completed all Connection Impact Assessments on time within the prescribed time limit.

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

In 2014, E.L.K. connected 9 new micro-embedded generation facilities (microFIT projects of less than 10kW) 100% of time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. The process is very streamlined and E.L.K. works with the customer and the electrical safety authority to ensure the project is connected on 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 the company can pay its short term debts and financial obligations. E.L.K.'s current ratio of 2.55 is strong.

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

A debt to equity ratio of 1.5 indicates that a distributor is more highly leveraged 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. E.L.K.'s debt to equity ratio of 0.81 is strong.

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

E.L.K.'s current distribution rates were approved by the OEB and include an expected return on equity of 9.12%. E.L.K.'s rate is higher primarily as a result of the transition into IFRS for depreciation purposes in 2014 and an accounting change that required a different accounting treatment. Going forward, the regulatory return on equity is planned to return to a reduced rate closer to the 9.12%.

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

E.L.K.'s actual rate is higher than the deemed rate primarily as a result of the transition into IFRS for depreciation purposes in 2014 and an accounting change that required a different accounting treatment. Going forward, the regulatory return on equity is planned to return to a reduced rate closer to the 9.12%. This one time transition will no longer appear in 2015.

## 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.