

# Scorecard - Enersource Hydro Mississauga 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.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	99.70%	98.90%	99.20%	98.60%	97.60%		90.00%	
		Scheduled Appointments Met On Time	98.20%	99.30%	99.00%	99.20%	99.80%		90.00%	
		Telephone Calls Answered On Time	82.00%	80.50%	84.90%	84.30%	84.80%		65.00%	
	<b>Customer Satisfaction</b>	First Contact Resolution						78.3%		
		Billing Accuracy				<1%	98.73%		98.00%	
		Customer Satisfaction Survey Results				92%	88%			
<b>Operational Effectiveness</b>  Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	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	3	0	1			0
		Rate per 10, 100, 1000 km of line	0.000	0.000	0.581	0.000	0.193			0.109
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	0.55	0.72	0.68	1.49	0.67			at least within 0.55 - 1.49
		Average Number of Times that Power to a Customer is Interrupted	1.10	1.54	1.36	1.37	1.13			at least within 1.10 - 1.54
	<b>Asset Management</b>	Distribution System Plan Implementation Progress				99%	105%			
	<b>Cost Control</b>	Efficiency Assessment				2	2	2		
Total Cost per Customer <sup>1</sup>		\$700	\$664	\$689	\$692	\$697				
Total Cost per Km of Line <sup>1</sup>		\$26,129	\$25,135	\$26,379	\$26,742	\$27,100				
<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).	<b>Conservation &amp; Demand Management</b>	Net Annual Peak Demand Savings (Percent of target achieved) <sup>2</sup>		16.57%	27.01%	54.71%	74.62%			92.98MW
		Net Cumulative Energy Savings (Percent of target achieved)		40.02%	66.48%	85.73%	111.29%			417.22GWh
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	94.74%	94.12%	100.00%	92.11%			
		New Micro-embedded Generation Facilities Connected On Time				98.44%	100.00%		90.00%	
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.60	1.94	1.65	1.45	1.14			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.39	1.47	1.34	1.26	1.21			
		Profitability: Regulatory Return on Equity		Deemed (included in rates)	8.57%	8.57%	8.93%	8.93%		
			Achieved	8.65%	6.58%	9.46%	9.43%			

**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 includes the technical definition, plain language description and explanation of 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

Enersource met or exceeded all pre-existing Ontario Energy Board (OEB) performance targets for 2014 except the Net Annual Peak Demand Savings (Percent of target achieved) measure. More information on this measure and result is available in the Conservation & Demand Management section below.

In 2015, the OEB introduced a public safety measure which looks at safety from a customer’s point of view. The safety measure is tracked 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. Enersource did not meet the third component of the public safety measure. The target is based on an aggressive 30% reduction of an electricity distributor’s five-year performance. Details of these components and how Enersource performed in each component can be found below.

### Service Quality

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

The industry target requires that distributors connect eligible low-voltage (less than 750 volts) residential and small business customers within a five-day timeline, at least 90% of the time. In 2014, Enersource exceeded this target by 7.6% by connecting 2,235 of 2,289 connection requests within the defined timeline 97.6% of the time.

- **Scheduled Appointments Met On Time**

OEB reporting requirements distinguish between appointments requiring a customer presence and those that do not. Of appointments requiring a customer presence, Enersource met 2,230 of 2,235 appointments within the required timeline for a result of 99.8% for 2014. Of appointments not requiring a customer presence, Enersource met 33,828 of 34,652 appointments within the required timeline for a result of 97.6% for 2014. These results compare against an industry target of 90%. Appointments include requests for underground cable locates, reconnections, meter reads, etc.

- **Telephone Calls Answered On Time**

The OEB requires that electricity distributors answer telephone calls within 30 seconds, 65% of the time. In 2014, Enersource received 134,878 qualified incoming telephone calls. Of those calls, 84.8% were answered within 30 seconds, significantly higher than the OEB-established industry target of 65%.

## Customer Satisfaction

Specific customer satisfaction measurements have not been previously defined across the industry. The OEB has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas 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 a commonly defined measure.

- **First Contact Resolution**

First Contact Resolution (FCR) can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

Enersource has defined FCR as resolving a residential customer's inquiry or problem during the first telephone call. Until a more commonly defined measure is established by the OEB, Enersource will measure FCR based on whether a residential or commercial customer calls more than once within a 30 day period. This initial definition will eliminate the duplication of development costs that would be passed on to customers for a metric that will be formally defined by the OEB in the future. Based on this limited definition, Enersource's 2014 result was 78.3%.

Enersource is further analyzing this data to identify trends and improve the customer experience. Review of situations where customers initiated multiple calls has identified opportunities to improve a business process or provide expanded communication to customers.

- **Billing Accuracy**

Effective October 2014, the OEB established a definition for billing accuracy requiring that at least 98% of a distributor's bills are accurate. The OEB's definition of an accurate bill means there has been no adjustment, no meter estimate, and no cancellation and rebill. Based on this definition, Enersource produced greater than 1.3 million bills in 2014 with an accuracy measure of 98.73%, versus the industry target of 98%.

- **Customer Satisfaction Survey Results**

The OEB introduced the Customer Satisfaction Survey Results measure in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. Initially, electricity distributors have discretion as to how they measure customer satisfaction, with the intent that a formal measure will be introduced by the OEB in 2018.

Every two years, Enersource participates in an industry-wide customer satisfaction survey conducted by Simul Corp. In 2014, Enersource's surveyed customers ranked themselves 'Very or Fairly Satisfied' with Enersource 88% of the time. This result is slightly lower than the 2012 survey result of 92%.

In 2015, Enersource took steps to provide their customers with information important to them about the electricity system in their community. This effort will provide customers with information about how Enersource is planning to maintain the Mississauga electricity system reliably, safely, and cost-effectively into the future. Customers will be able to ask questions and provide feedback to Enersource about their views and concerns. Timing and instructions will be made available in a variety of ways. Watch your bill for information.

## Safety

- **Public Safety**

The OEB introduced a public safety measure in 2015. This measure looks at safety from a customer's point of view. The safety measure is tracked 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. Details of these components and how Enersource performed in each component can be found below.

Operating safely is Enersource's overriding objective, both as an employer and as a responsible operator within the community. As an

employer, Enersource's Safety First culture includes mandatory, ongoing safety training for all employees, quarterly staff review of potential and actual safety incidents, and sharing of important safety messages. Enersource also includes a safety component in its employee incentive plan, eligible to all employees.

Enersource's Safety First culture is demonstrated in the community through its e-SMARTkids website which is designed to teach grade school children about electrical safety, and its partnership with MySafeWork which educates young workers about safety regulations within the workplace.

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

Public awareness in Enersource's territory will be measured based on a survey of its population. The survey measures awareness levels of electrical safety related to its distribution equipment and is based on a template survey provided by the ESA. The survey will provide a baseline of awareness and identify gaps where additional education and awareness efforts may be required. Performance data for this component of the public safety measure will be available in 2016 for 2015 results.

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

In 2014, and the previous four years, Enersource was compliant with Ontario Regulation 22/04. This regulation establishes electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by electricity distributors.

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

This metric details the number and rate of "serious electrical incidents" per 1,000 km of line (5,174 km for Enersource). The target for the Serious Incident Index is generated by reducing the average of the previous five years' results by 30%. Ratings reflected in the scorecard for each year are based on actual incidents for the previous year. Enersource had no serious electrical incidents in 2009, 2010, or 2012. There were three incidents in 2011 and one incident in 2013, resulting in a very aggressive target index of 0.109. Enersource experienced one serious electrical incident in 2013, resulting in a missed target result for 2014 scorecard year of 0.193.

To ensure employee safety preparedness, Enersource's ongoing safety training includes orientation training for new employees, annual safety boot-camp for front-line employees, and skills training for apprentices.

## System Reliability

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

Enersource's system reliability results improved in 2014 over 2013, delivering measures more in line with pre-2013 averages. Enersource customers experienced an average of 0.67 hours of interruption in 2014, versus 1.49 hours in 2013. Enersource continues to have one of the lowest rates of outages in Canada, but still, service interruptions do occur. Enersource keeps its team well trained and vehicles well maintained to respond to outages quickly to ensure that customers are back online as soon as possible. Enersource ensures that it has the equipment and technology needed to spot potential issues so outages may be avoided or resolved as quickly as possible when they do occur.

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

Enersource customers experienced an improved average of 1.13 power interruptions in 2014, versus 1.37 interruptions in 2013. Enersource works hard to assure reliability of its system by maintaining, repairing, and replacing aging equipment when necessary in order to prevent disruptions and outages, and by increasing the capacity of its distribution lines to handle higher levels of demand.

## Asset Management

- **Distribution System Plan Implementation Progress**

In the absence of a finalized distribution system plan, Enersource has reported its budget spent versus forecast for 2013 and 2014. In 2014, Enersource spent 105% of its forecasted budget, versus 99% in 2013.

Enersource is in the midst of preparing its Distribution System Plan, also known as its Long Term Plan, for the next five years. Enersource is seeking relevant input from its customers prior to finalizing and submitting the plan to the OEB. Through this process, customers will be able to ask questions and provide feedback about their views and concerns. Timing and instructions will be made available in a variety of ways. Watch your bill for information.

- **Efficiency Assessment**

The total costs for Ontario local electricity distributors are evaluated by the Pacific Economics Group LLC, on behalf of the OEB, to produce a single efficiency ranking. Ontario electricity distributors are divided into five groups which are based on the magnitude of the difference between their respective individual actual and predicted costs; Group 1 being the most efficient, and Group 5 being the least efficient.

For the second year in a row, Enersource received a Group 2 efficiency assessment, considered “more efficient”. Enersource continues to assess and analyze opportunities to maintain or improve its operational efficiency through potential business process and technological improvements.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Enersource’s capital and operating costs and then dividing this cost by the total number of customers that Enersource serves. The cost performance result for 2014 is \$697 per customer, which is marginally higher than the 2013 result of \$692 per customer.

Total cost per customer is influenced by growth in wage and benefits costs, and maintenance and replacement of aging assets.

When comparing Enersource’s Total Cost per Customer against other electricity distributors with a high percentage of residential customers, it is important to consider Enersource’s significant commercial and industrial base. Enersource has nine Large Use customers (5 MW annually or greater), including Canada’s largest and busiest airport, totaling over 1 billion kWh of consumption in 2014. In other words, the electricity consumed by Enersource’s Large Use customers would equate to approximately 105,000 residential customers consuming 800 kWh per month, which would spread the total cost over a much larger number of customers theoretically reducing the total cost per customer. Large Use customers also require additional infrastructure, systems, and customer support which may increase Enersource’s total cost over other residential-based electricity distributors.

- **Total Cost per Km of Line**

The total cost per Km of line divides the same cost as above (for total cost per customer) by the Km of line that Enersource operates to serve its customers. Enersource’s total cost per Km of line for 2014 was \$27,100, a 1.3% increase over 2013.

## Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of Target Achieved)**

Based on the Independent Electricity System Operator's (IESO) reports, Enersource achieved 74.62% of its 92.98MW four-year target, versus a minimum objective of 80%. This result does not include a reduction of consumption by a large use, commercial customer of Enersource that lowered its usage as a result of a Demand Response Project initiated by the customer. In keeping with the IESO's interpretation of the Conservation & Demand Management government directive, Enersource cannot include said customer savings into the 80% target.

While this demand reduction has been reflected in both the IESO's and the customer's targets, it has not been accounted for in the distributor's targets. Enersource will continue to work with the IESO and approach the Ministry of Energy to request this project be included in the distributor target. The implication of not meeting the IESO four-year target is that it prevents the distributor from meeting government eligibility requirements for a financial incentive payment and does not reflect the conservation actions and efforts by Enersource.

- **Net Cumulative Energy Savings (Percent of Target Achieved)**

In 2014 Enersource achieved 111.29% of its four-year net cumulative energy savings target. In other words, since 2011, Enersource customers have conserved over 415,000 MWH of electricity or roughly 10,000 residential homes off the grid in each of the last four years. This achievement was the result of a collaborative partnership with innovative large and small customers, and the ongoing, consistent dedication of Enersource staff.

## Connection of Renewable Generation

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

Electricity distributors are required to complete Connection Impact Assessments (CIAs) within 60 days of receiving a request from an applicant proposing to connect an embedded generation facility to the distribution system. In 2014, Enersource completed 35 of 38 CIAs (or 92%) within the required time limit. In order to meet spikes in demand and improve this result in future, Enersource has



streamlined internal CIA workflows and trained additional resources to process CIAs.

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

Electricity distributors are required to connect micro-embedded generation facilities within five business days, at least 90% of the time. In 2014, Enersource received requests for, and connected, 41 new micro-embedded generation facilities within the required five business day timeline, for an annual Connected On-Time result of 100%.

## Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than one 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 one 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.

Enersource’s current liquidity ratio is 1.14, down from 1.45 in 2013. The reduction in the liquidity ratio is primarily due to lower cash balances driven by ongoing capital investments and higher energy costs versus revenues in 2014.

- **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.

Enersource’s current total debt to equity ratio is 1.21, down from 1.26 in 2013.

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

Enersource’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of

8.93%. The OEB allows a distributor to earn within +/- 3% (300 basis points) of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review by the OEB of the distributor's revenues and cost structure.

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

Enersource achieved a return on equity in 2014 of 9.43%, which is well within the +/- 3% range allowed by the OEB, and marginally lower than Enersource's 2013 achieved return on equity of 9.46%.

## 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. 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.