

# Scorecard - Innpower Corporation

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	97.10%	81.20%	95.30%	89.90%	96.40%		90.00%		
		Scheduled Appointments Met On Time	84.00%	60.40%	64.30%	83.00%	94.40%		90.00%		
		Telephone Calls Answered On Time	88.60%	95.80%	74.60%	67.10%	70.60%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution					99.006%				
		Billing Accuracy					99.95%		98.00%		
		Customer Satisfaction Survey Results					A				
<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	0	0	0			0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000			0.000	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	1.34	0.98	1.34	2.10	4.70			at least within 0.98 - 2.10	
		Average Number of Times that Power to a Customer is Interrupted	1.19	1.12	0.71	0.92	3.14			at least within 0.71 - 1.19	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress					In Progress				
	<b>Cost Control</b>	Efficiency Assessment			3	3	3				
		Total Cost per Customer <sup>1</sup>	\$673	\$695	\$720	\$732	\$761				
Total Cost per Km of Line <sup>1</sup>		\$13,154	\$13,782	\$13,842	\$14,168	\$14,693					
<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>		10.66%	10.04%	34.30%	49.27%			2.50MW	
		Net Cumulative Energy Savings (Percent of target achieved)		23.94%	43.87%	74.50%	84.43%			9.20GWh	
	<b>Connection of Renewable Generation</b>	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.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.65	0.61	1.10	0.63	0.41				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.80	0.84	0.93	1.30	2.04				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.01%	8.01%	8.98%	8.98%			
			Achieved		8.58%	1.96%	6.70%	5.82%			

**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

2014 for InnPower Corporation (“InnPower”) was an outstanding performance year. Our performance results improved over 2013 results while managing increased customer service requests.

InnPower exceeded all performance targets in the Customer Focus and Operational Effectiveness performance outcomes with the exception of “Average Number of Hours that Power to a Customer is Interrupted” and the “Average Number of Times that Power to a Customer is Interrupted” in the System Reliability category. InnPower exceeded the 3 year rolling average due to a major outage that occurred on February 5, 2014. Two primary feeder lines to Alcona were impacted due to a catastrophic failure of a distribution station which supports the feeder lines. Restoration of the outage was extensive as the 27.6V circuit had to be reconfigured and temporary switches installed.

In the Public Policy Responsiveness performance outcome InnPower did not meet the Conservation & Demand Management targets of 2.50 MW of Peak Demand Savings and 9.2 GWh of Energy Savings for the 2010 – 2014 timeframe. InnPower, however did exceed our forecasted targets within this category. The contributing factors are InnPower’s demographic customer breakdown which is 92% residential, the non-implementation of 4 Provincial Energy programs and the delay of the *peaksaver plus* program for LDC’s utilizing Sensus meters until 4<sup>th</sup> quarter 2013.

InnPower continues to manage aging infrastructure to maintain and improve service reliability for our customers. In addition, InnPower balances the capital requirements to ensure that the required infrastructure is in place to support the forecasted growth for our service territory. This is supported by the increase in transactional volumes within the respective service categories.

InnPower continues to focus on our customers. InnPower makes every effort to engage customers on a regular basis to provide a communication opportunity. InnPower staff (excluding the billing process) had over 37,000 direct interactions with our customers and or representatives of a customer in 2014.

InnPower is continuously striving to improve its overall performance and service reliability. Our success in servicing our customer needs is a result of long term planning for our service territory infrastructure.

### Service Quality

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

In 2014, InnPower connected a total of 504 low voltage (connections under 750 volts) for residential and small business customers of which 486 were within the five-day timeline as prescribed by the Ontario Energy Board (OEB) for an annual result of 96.43% exceeding the OEB target of 90%. This represents an increase of 37% in the total number of connections over 2013, which is driven primarily by customer growth. InnPower considers “New Services Connected on Time” as an important form of our customer engagement as it is another opportunity to meet and or exceed the customer’s expectations.

## **Scheduled Appointments Met On Time**

InnPower scheduled and completed 497 AM/PM appointments in 2014 to connect services, disconnect services, or otherwise discuss service options requested by customers in which the customer was met on site. Of the 497 appointments, 469 of the appointments were met on time or 94.37%. This exceeds the Ontario Energy Board’s prescribed target of 90% for this measure.

Additionally, InnPower scheduled 5,173 customer appointments for work in which the customer was not met on site and completed in 5 business days. Of the 5173 scheduled appointments, 5,110 were completed in 5 business days for 98.78%. Scheduled appointments have increased from 3,702 in 2013 to 5,173 in 2014 for a 40% increase. The increase is primarily due to new construction within our service territory and the implementation of ON1Call program for cable locates.

## **Telephone Calls Answered On Time**

In 2014 InnPower’s customer contact centre agents received over 22,203 calls from its customers – over 80 calls per working day. Additionally, contact centre agents assisted over 6,000 customers at our front desk. An agent answered a call in 30 seconds or less in 71% of these calls. This result significantly exceeds the OEB prescribed target of 65% for timely call response. Year over year, the 2014 result amounts to a 3% improvement over 2013, even though call volumes increased by approximately 8%. Favorable results were driven primarily by continuous training resulting from quality assurance monitoring. Call volume increases are attributed to continued customer growth of over 3% in 2014 combined with high bills due to increased commodity rates and weather impacts.

## **Customer Satisfaction**

### **First Contact Resolution**

InnPower defines “First Contact Resolution” as the number of customer enquires that are resolved by the first contact at the utility, resulting in the enquiry being escalated to an alternate contact at the utility, typically a supervisor or a manager. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person

First Contact Resolution was measured based on live agent transactional logged inquiries. For the period October 1, 2014 to December 31, 2014, InnPower

logged over 5600 inquiries and approximately 19 were not resolved on first contact.

InnPower endeavors to use the customer survey results to identify customer service improvements which will increase first contact resolution in the future.

## Billing Accuracy

For the period from October 1, 2014 – December 31, 2014 InnPower issued more than 46,000 bills and achieved a billing accuracy of 99.95%. This compares favorably to the prescribed OEB target of 98%.

InnPower continues to monitor its billing accuracy results and processes monthly to identify opportunities for improvement.

## Customer Satisfaction Survey Results

Customer Satisfaction Survey is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

For 2014, InnPower engaged a third-party organization to conduct a customer satisfaction survey. This statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. InnPower considers this customer satisfaction survey to be useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. For 2014, InnPower received a rating of “A” on its customer satisfaction survey. InnPower will be expanding our customer engagement/satisfaction process to include transactional and online surveys to obtain customer feedback.

## Safety

### Public Safety

Public Safety is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

#### Component A – Public Awareness of Electrical Safety

Component A consists of a new statistical survey that gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment found in a utility’s territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. **Please Note: There are no reporting metrics on Component A for 2014.**

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

Component B consists of a utilities compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Over the past five years, InnPower was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and the adherence to company procedures and policies.

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

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. In 2014, InnPower had zero (0) fatalities and zero (0) serious incidents within its territory. InnPower continues to perform site reviews, training to identify potential hazards and communicates findings and recommendations to all staff and the public.

## **System Reliability**

As referenced in the General Overview, InnPower exceeded the 3 year rolling average's for the system reliability targets. The February 5, 2014 outage referenced in the overview and the June 3, 2014 outage caused by severe weather were the prime contributors.

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

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. InnPower views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. InnPower regularly monitors and maintains its distribution system to ensure its level of reliability is kept as high as possible. Outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2014, InnPower achieved 4.70 hours of interrupted power, which is outside the range of our historical performance for interrupted power.

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

The average number of times that power to a customer is interrupted is also a measure of system reliability and is also a high priority for InnPower. As outlined above, outside factors can also greatly impact this measure. For 2014, InnPower experienced interrupted power an average of 3.14 times during 2014, which is also outside the range of our historical performance for interrupted power.

## Asset Management

### Distribution System Plan Implementation Progress

Distribution system plan implementation progress is a new performance measure instituted by the Ontario Energy Board beginning in 2013. The Distribution System Plan outlines InnPower's forecasted capital expenditures over the next five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess InnPower's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

InnPower does not yet have a full distribution system plan in place and will therefore be using its capital asset management plan as a substitute. InnPower will implement its first full distribution system plan at its next regularly scheduled cost of service application, which is currently scheduled for 2017. At that time, the distribution plan will supersede the current asset management plan.

InnPower manages and monitors the capital planning and asset management process by means of planned versus actual costs. In 2014 InnPower's actual costs versus planned costs were 3% higher due to customer growth/demand.

## Cost Control

### Efficiency Assessment

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. For 2014, InnPower was ranked in Group 3 in terms of efficiency, maintaining our 2013 efficiency ranking. Group 3 is considered average and is defined as having actual costs within +/- 5% of predicted costs. Although InnPower's forward looking goal is to advance to a "more efficient" group, management's expectation is that its efficiency performance will not decline in the foreseeable future.

### Total Cost per Customer

Total cost per customer is calculated as the sum of InnPower's capital and operating costs and dividing this cost figure by the total number of customers that InnPower serves. Similar to most distributors in the province, InnPower has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs.

The total cost performance result for 2014 is \$761/customer, which is a 4% increase over its 2013 result. On average, InnPower's total cost per customer has increased by 3% per annum for the period 2010 – 2014. Going forward, utility costs are expected to keep pace with economic fluctuations; however, InnPower will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements, while maintaining the reliability and quality of its distribution system.

## **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. Based on this, InnPower's rate is \$14,693.00 per km of line, which is a 4% increase over its 2013 rate. InnPower's growth rate for its territory is considered to be relatively medium. A medium growth rate has assisted InnPower's ability to fund future capital projects and operating costs to support new infrastructure and growth. As a result, the cost per km of line is expected to increase as capital and operating costs also increase. As we progress into the future, InnPower will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

## **Conservation & Demand Management**

Late in 2010, the Ministry of Energy mandated a new 2011 - 2014 framework for electricity conservation and demand management (CDM) in Ontario. As a result, the OEB was required to establish CDM targets for the reduction of electrical consumption (kWh's) and electricity demand (kW's) to be met by certain licensed electricity distributors across the province. The Ontario Power Authority supported this initiative through the introduction of a number of OEB approved CDM programs designed to conserve electricity across all classes of electricity customers.

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

InnPower achieved 1.2 MW of Net Annual Peak Demand (kW) Savings towards our target of 2.5 MW at the end of 2014 or 49.2%. Peak Demand Savings were a challenge for the Province of Ontario as the entire LDC community achieved 70% at the end of 2014 (based on 72 LDC's). Considering InnPower's service territory demographic rate class breakdown of 92% residential and minimal large business, the 1.2 MW is quite the accomplishment. This was primarily achieved through the use of a Roving Energy Manager who was retained to identify and pursue opportunities with the large commercial, institutional and industrial customers. Going forward, a new CDM framework and new targets are expected to be implemented for this measure for the period 2015 – 2020.

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

InnPower achieved 7.8 GWh Net Cumulative Energy (kWh's) Savings towards our target of 9.2 GWh at the end 2014 or 84.4%. From a Provincial perspective Ontario LDC's achieved 109% of the assigned Energy Savings target. This was achieved by leveraging the suite of OEB approved CDM programs primarily designed for the residential and small commercial classes of customers. Going forward, a new CDM framework and new targets will also be implemented for this measure for the period 2015 – 2020.

## **Connection of Renewable Generation**

## Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of the Generator meeting the requirements outlined in InnPower's Conditions of Service. InnPower has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2014, InnPower completed 4 CIA's, all of which were completed within the prescribed time limit. In 2013, InnPower completed 3 CIA's, all of which were completed within the prescribed time limit.

## New Micro-embedded Generation Facilities Connected On Time

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. In 2014, InnPower connected 9 new micro-embedded generation facilities within its territory. 100% of these projects were connected within the prescribed timeframe of five (5) business days, which significantly exceeds the Ontario Energy Board's mandated target of 90% for this measure. InnPower's process for these projects is well documented and InnPower staff work closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

## Financial Ratios

### Liquidity: Current Ratio (Current Assets/Current Liabilities)

InnPower's current ratio decreased from 1.10 in 2012 to 0.63 and 0.41 in 2013 and 2014 respectively. This is due to the timeframe of the short term construction loan for the new Operations/Administration building. InnPower's current ratio is estimated to be in line with 2012 results as the new building loan converts to a long term mortgage.

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

The OEB has developed a deemed utility 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).

InnPower's 2014 debt to equity ratio is 2.04 compared to 2013 ratio of 1.3 due to the debt of the new Operations/Administration building. The new building is designed to service customer demand and territory growth in excess of 25 years in conjunction with the province and municipality's growth planning.

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

InnPower's current distribution rates are approved by the OEB and include a deemed regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the deemed return on equity.

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

InnPower's return on equity achieved in 2014 was 5.82%. This is slightly outside the +/-3% range allowed by the OEB. InnPower achieved a lower return than the deemed rate in 2014 due to the increased costs associated with the implementation of the provincial regulatory requirements of ON1Call.

## **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.