

# Scorecard - Kenora Hydro Electric Corporation Ltd.

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	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	89.40%	100.00%	98.80%	98.50%	69.10%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution									
		Billing Accuracy					100.00%		98.00%		
		Customer Satisfaction Survey Results									
<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	1.63	8.99	0.43	0.36	0.53			at least within 0.36 - 8.99	
		Average Number of Times that Power to a Customer is Interrupted	1.51	7.32	0.46	0.11	0.29			at least within 0.11 - 7.32	
	<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>	\$505	\$555	\$527	\$532	\$554				
Total Cost per Km of Line <sup>1</sup>		\$28,764	\$31,574	\$29,919	\$30,201	\$31,428					
<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>		1.33%	5.51%	13.56%	31.14%			0.86MW	
		Net Cumulative Energy Savings (Percent of target achieved)		6.02%	13.66%	25.36%	37.16%			5.22GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time		100.00%		100.00%					
		New Micro-embedded Generation Facilities Connected On Time					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)	1.80	1.90	2.24	1.97	1.92				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.84	0.86	0.81	0.75	0.71				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.58%	9.58%	9.58%	9.58%			
			Achieved		1.25%	7.00%	9.50%	8.14%			

**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

Kenora Hydro’s staff take pride in serving the citizens of Kenora. We continually strive to exceed both industry and our own key performance indicators, as well as measures presented in this scorecard.

For 2014, we did not have sufficient data gathered to report on two targets for two of the new measures on this scorecard. Specifically, the “First Contact Resolution”, and the “Customer Satisfaction Survey Results” measures. In 2014, we began the research, development, design and implementation of the tools to gather data for these two measures, and they have been implemented. We will be reporting on these measures when sufficient data has been gathered and analyzed.

Conservation & Demand Management targets have not been met for 2014. This will be discussed further in this section below.

The remainder of the measures on the scorecard indicate very positive results, as will be discussed next, measure by measure.

### Service Quality

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

The OEB has set an industry standard of 5 business days to connect any new residential or small business account, once all the requirements for safe connection have been met. Kenora Hydro achieves this consistently, year over year. In 2014, there were 8 new connections requested, all were successfully performed within the 5 business day timeline.

- **Scheduled Appointments Met On Time**

Another measure that we strive to always achieve is the number of scheduled appointments that were met on time. The industry target is 90%, but we aim for never missing an appointment with a customer. There were 1,029 appointments made, and all were met during the year.

- **Telephone Calls Answered On Time**

Although Kenora Hydro met this OEB target for the year, the results for this measure in 2014 contain a month of data which is dragging down the annual results significantly. Kenora Hydro transferred phone systems during October. The automated tracking software for the phone calls was not functioning correctly during this month. There are usually time stamps on the data, allowing us to pull the required data, and group the calls into categories for reporting. The data for the number of calls answered within 30 seconds (on-time) was missing for the month for the majority of the incoming calls. The actuals for the year would not be significantly different than the historical results in this measure if October data is excluded. The issue with the time stamping was corrected when it was noticed, the reporting for 2015 should again more accurately reflect our continued success in fulfilling this measure.

## Customer Satisfaction

- **First Contact Resolution**

As previously discussed, this is one of the measures that Kenora Hydro is unable to report on for 2014. A tool to capture this data has been developed and has been implemented in 2015.

- **Billing Accuracy**

For the period Oct 1 to December 31, 2014, we tracked the number, if any, of hydro billings that were issued with a billing error in them, and were subsequently cancelled and re-issued. During this period, there were no cancelled and re-issued hydro bills due to billing errors.

- **Customer Satisfaction Survey Results**

During 2014 Kenora Hydro began the development of a customer satisfaction survey. This survey will span 2014 and 2015 and the results will be reported in the 2015 year end.

## Safety

- **Public Safety**

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

This measure is still under development by the OEB. We will gather and report on this information as it is defined.

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

Kenora Hydro was 100% compliant with Ontario Regulation 22/04 for 2014. This regulation establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specification and inspection of construction before they are put into service.

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

Kenora Hydro did not have any serious electrical incidents in 2014.

## System Reliability

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

Without including the outages due to the loss of supply from Hydro One, Kenora Hydro customers, if they did experience a power outage in 2014 as a result of loss of power from Kenora Hydro's supply, were out of power on average for just over ½ an hour. We have, over the past several years, made investments in a supervisory control and data acquisition system, SCADA, allowing us 24 hour monitoring of the distribution system. If there is an outage, we are able to dispatch crews more quickly, and to a more precise location. Combined with newly installed line fault indicators, the time to diagnose and begin repairs on issues in the system has been reduced. In addition, the installation of some recloser equipment helps minimize the extent of an outage. A fault in the system can be better isolated, and the number of customers without power can be minimized during an outage.

It should be noted that the impact of a significant wind event or accident resulting in time consuming pole and line replacements may cause this average to increase unexpectedly for any given year.

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

This number, 0.29, indicates that our customers had a loss of power, on average, much less than once last year. This figure does not include the outages due to the loss of supply from Hydro One. So, although there were some outages during the year, the vast majority of our customers did not experience any outages all year as a result of loss of power from Kenora Hydro. We have seen improvements in this measure over the past couple of years, in part due to an investment in animal guards, which help to prevent animals or birds from contacting wires and causing an outage at the poles or transformers. Although it is impossible to prevent all animal contacts, these guards have helped in the areas with traditionally high numbers of squirrel contacts. We have been pleased with the reduction of the number of outages to customers during the year.

## Asset Management

- **Distribution System Plan Implementation Progress**

This measure is also a new reporting requirement. A Distribution System Plan outlines forecasted capital expenditure over the next five years required to maintain and, if needed, expand the system to serve current and expected future customers. We have begun collecting data and are into the process of developing an asset management plan, which assesses the existing infrastructure and based on risk ranking, provides the utility with a roadmap of priorities for asset replacement. This document will form the base for the Distribution System Plan. It is anticipated that these documents will be completed in the fall of 2015.

## Cost Control

- **Efficiency Assessment**

The utility must manage its costs successfully in order to help assure its customers they are receiving value for the cost of the service they receive. Utilities' total costs are evaluated to produce a single efficiency ranking. This is divided into five groups based on how big the difference is between each utility's actual and predicted costs. Utilities whose actual costs are lower than predicted are considered more efficient and will be assigned to Group 1 or Group 2. Utilities that are considered average performers will be assigned to Group 3. Utilities whose actual costs are higher than predicted will be assigned to Group 4 or Group 5.

- **Total Cost per Customer**

A simple measure that can be used as a comparison with other utilities is the utility's total cost per customer. Total cost is a sum of all the costs incurred by the utility to provide service to its customers. The amount is then divided by the utility's total number of customers.

Some utilities in the province have a very large customer base, some have a smaller customer base spread out over vast areas of the province. There are costs involved in operating a utility that will not vary based on customer count, such as the need to meet imposed regulatory requirements, and to have equipment and crew available and trained to maintain and repair the system. As you can imagine, the costs per customer can vary widely from utility to utility, depending on the number of customers in the service area.

- **Total Cost per Km of Line**

Another measure reported to the OEB is the utility's total cost per length of line.

Total cost is a sum of all the costs incurred by the utility to provide service to its customers. The amount is then divided by the number of kilometers of line the utility operates to serve its customers.

The cost per km of line to operate a distribution company in this province will be impacted largely by how widespread or dense the customers are. The greater km of line a utility maintains, a lower per km cost will likely be the result. The physical service area of Kenora Hydro is small when compared to most other utilities in the province. In addition, the landscape in this area is often challenging, and therefore costly, to install and maintain our infrastructure. The amount of bedrock, and limitations due to swamps and wooded areas leads to a higher cost to install and maintain the poles and wires.

In addition, each utility in the province is governed by the same OEB rules and regulations, regardless of its size. We must file all the same regulatory requirements as the big utilities do in Southern Ontario, and we continually struggle to keep our costs low while meeting imposed targets and regulations.

## Conservation & Demand Management

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

Kenora Hydro has achieved 31.14% of the target net annual peak demand savings. The peak demand target was established based on summer peaking utilities. Kenora Hydro has always been a winter peaking utility and as such, without large industrial customers, is an aggressive target that wasn't attainable with the provincial mandated programs available for our customer base.

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

Kenora Hydro has achieved 37.16% of the target net cumulative energy savings. Although we believed that the target was aggressive, we believe we could have met 80% of the target with the Municipal street light conversion program. Delays in that conversion program will push these expected savings in to the 2015-2020 program.

## Connection of Renewable Generation

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

There were no requests received by Kenora Hydro for a connection impact assessment in 2014.

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

The utility must connect smaller generators producing less than 10kW of power within five business days, 90% of the time, unless the customer agrees to a later date. These generators are known as "micro-embedded generation facilities."

Kenora Hydro received application to connect 3 microFIT customers and met the target of 5 business days to connect in 100% of the cases.

## Financial Ratios

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

This measure indicates if the utility has enough assets to pay its liabilities over the next 12 months. Any ratio over 1.0 to 1.0 indicates the ability to do so.

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

This measures the degree to which the utility is leveraging itself through its use of borrowed money. A ratio of less than 1.0 to 1.0 is a positive indication that the utility does not have more debt than it does equity in the Corporation.

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

Return on Equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the Ontario Energy Board.

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

This shows the utility's actual Return on Equity earned each year.

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.