

Scorecard - Orangeville Hydro Limited

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%	97.30%	98.20%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	93.80%	100.00%		90.00%		
		Telephone Calls Answered On Time	99.90%	100.00%	100.00%	100.00%	100.00%		65.00%		
	Customer Satisfaction	First Contact Resolution						0%			
		Billing Accuracy						99.99%		98.00%	
		Customer Satisfaction Survey Results						A			
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	NC	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	1.00	1.53	1.08	2.51	0.14			at least within 1.00 - 2.51	
		Average Number of Times that Power to a Customer is Interrupted	0.88	1.97	1.18	5.24	0.17			at least within 0.88 - 5.24	
	Asset Management	Distribution System Plan Implementation Progress						54%			
	Cost Control	Efficiency Assessment				3	3	3			
		Total Cost per Customer ¹	\$533	\$571	\$566	\$577	\$577				
Total Cost per Km of Line ¹		\$34,061	\$36,462	\$34,484	\$32,555	\$32,423					
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		32.20%	57.32%	59.85%	59.92%			2.78MW	
		Net Cumulative Energy Savings (Percent of target achieved)		38.30%	61.90%	71.69%	91.06%			11.82GWh	
	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%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.83	1.62	2.12	1.22	1.92				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.85	0.78	0.92	1.02	1.21				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.85%	9.36%			
			Achieved		7.23%	7.80%	6.21%	9.47%			

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, Orangeville Hydro exceeded all performance targets with the exception of the Net Annual Peak Demand Savings and Net Cumulative Energy Savings measures. Aging distribution infrastructure continues to be a challenge for many utilities today. Like most utilities in Ontario, Orangeville Hydro must replace aging infrastructure at a steady pace in order to meet this challenge. Therefore Orangeville Hydro strategically plans to manage the renewal and growth of the distribution system in a cost effective manner. In addition, vegetation control, including tree trimming activities, were increased in the year to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather.

Orangeville Hydro continues to focus on you, the customer. Orangeville Hydro implemented “customer connect” to assist our customers with interactive information that will permit them to better monitor and control their electricity consumption. Orangeville Hydro makes every effort to engage its customers on a regular basis to ensure we are aware of your needs and that you are receiving the best value for your money. Orangeville Hydro remains committed to provide its customers with the most reliable service at the least possible cost.

In 2015, Orangeville Hydro will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

Service Quality

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

In 2014, Orangeville Hydro connected 258 low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This is comparable to the number of connections in 2013. Orangeville

Hydro considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Consistent with prior years, Orangeville Hydro connected 100% of these customers on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Orangeville Hydro scheduled 71 appointments in 2014 to disconnect and/or reconnect service for maintenance, gain access to read or replace an inside meter or otherwise complete work requested by its customers. This represents a decrease of 11% in the number of appointments over 2013. Orangeville Hydro considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, Orangeville Hydro met 100% of these appointments on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2014, Orangeville Hydro received over 23,971 calls from its customers (an average of 93 calls per day). This represents a decrease of 9% in the number of calls over 2013. The decrease in call volume is attributed to the implementation of Customer Connect with e-billing. A program designed to give customers the ability to measure and monitor their usage on-line and also, to view and print their bills. Orangeville Hydro considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. Consistent with prior years, a customer service representative answered 100% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a new scorecard measure introduced by the Ontario Energy Board midway through 2014. 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.

Orangeville Hydro defines “First Contact Resolution” as the number of customer inquiries that are not resolved by the first contact at the utility, resulting in the inquiry being escalated to an alternate contact at the utility, typically a supervisor or a manager. This includes

all customer inquiries that are made to a customer service representative whether by telephone, letter, e-mail, or in person. Orangeville Hydro considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction. Orangeville Hydro did not have a process in place in 2014 to capture the data to satisfy this measure. In 2015, Orangeville Hydro has implemented a process for tracking this measure, where we are segregating escalated calls from all calls resolved at first contact.

- **Billing Accuracy**

Billing Accuracy is a new scorecard measure introduced by the Ontario Energy Board late in 2014, and is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Orangeville Hydro considers timely and accurate billing to be an essential component of customer satisfaction. For the period from October 1, 2014 – December 31, 2014, Orangeville Hydro issued more than 35,372 customer bills and achieved a billing accuracy of 99.99%, which is within the Ontario Energy Board mandated target of 98%. Orangeville Hydro expects this trend to continue for 2015, the first full year of reporting on this measure.

- **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, Orangeville Hydro 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. Orangeville Hydro considers this customer satisfaction survey to be a 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, Orangeville Hydro received a rating of “A” on its customer satisfaction survey. Orangeville Hydro is only required to report on this measure on a biennial basis (every second year), but expects this trend to continue into the foreseeable future.

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: The survey for Component A has not yet been implemented and will not be reported until next year.**

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 four years, Orangeville Hydro 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 & policies.

Component C – Serious Electrical Incident Index

Component C consists of the number of serious electrical incidents affecting the public, including fatalities, which occur within a utility's territory. In 2014, Orangeville Hydro had zero fatalities and zero serious incidents within its territory. Orangeville Hydro will continue to make efforts and work with the Electrical Safety Authority to continue the safe operation of our distribution system.

System Reliability

- **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. Orangeville Hydro views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Orangeville Hydro also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The OEB typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2014, Orangeville Hydro achieved an average of 0.14 hours of interrupted power, which is less than the range of its historical performance for interrupted power between 2010 and 2013. Orangeville Hydro's ***distribution system*** experienced fewer outages than historically. The average is expected to return to the historical range in future years.

- **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 Orangeville Hydro. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. Orangeville Hydro experienced interrupted power 0.17 times during 2014, which is less than the range of its historical performance for interrupted power between 2010 and 2013. Orangeville Hydro's distribution system experienced fewer outages than historically. The average is expected to return to the historical range in future years.

Asset Management

- **Distribution System Plan Implementation Progress**

For Distributors with a completed Distribution System Plan: Distribution System Plan implementation progress is a new performance measure instituted by the Ontario Energy Board beginning in 2013. The Distribution System Plan outlines Orangeville Hydro'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 Orangeville Hydro'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.

Orangeville Hydro defines this measure as the tracking of actual capital projects to planned capital projects, expressed as a percentage. For 2014, Orangeville Hydro completed 54% of the capital projects planned. The shortfall is mainly attributable to the incomplete projects in 2013 that were carried over and completed in 2014. This trend is expected to continue for the remainder of the 2014-2018 Distribution System Plan.

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. In 2014, Orangeville Hydro was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered “average efficiency” therefore; Orangeville Hydro’s costs are within the average cost range for distributors in the Province of Ontario. Orangeville Hydro’s placement in Group 3 has remained unchanged since the efficiency measure was implemented in 2012, although we work proactively to improve our costs within that group.

In 2014, 45% (33 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 26% were ranked as “least efficient. Although Orangeville Hydro’s forward looking goal is to advance to the “more efficient” group, it is management’s expectation that efficiency performance will not decline.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Orangeville Hydro’s capital and operating costs and dividing this cost figure by the total number of customers that Orangeville Hydro serves. Orangeville Hydro’s cost performance remained the same in 2014 at \$577/customer; therefore no increase or decrease from 2013.

Orangeville Hydro’s Total Cost per Customer has increased on average by 2% per annum over the period 2010 through 2014. Similar to most distributors in the province, Orangeville Hydro has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Smart meters, Time of Use pricing, growth in wage and benefits costs for our employees have all contributed to increased operating costs. Orangeville Hydro capital costs are planned strategically in order to manage the renewal and growth of the distribution system in a cost effective manner.

Orangeville Hydro will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Going forward, keeping pace with economic fluctuations, Orangeville Hydro will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements and make it our goal to maintain or reduce the cost per customer.

- **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 Orangeville Hydro operates to serve its customers. Orangeville Hydro's 2014 cost per Km of line is \$32,423, a decrease of (-0.4%) over 2013 and an average decrease of (-1.1%) over the period 2010 to 2014. Orangeville Hydro experienced a moderate level of growth in its total kilometers of lines; therefore Orangeville Hydro has increased ability to fund capital renewal and offset increased operating costs. The same cost drivers that apply to the total cost per customer apply to the total cost per km of line. Orangeville Hydro continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

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

Late in 2010, the OEB introduced 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.

Orangeville Hydro achieved Net Annual Peak Demand (kW) Savings of 1700 kW or 59.9% of the annual CDM capacity target at the end of 2014. 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. The shortfall for each utility was very common throughout the province. Collectively, provincial LDCs achieved 70% of the peak demand target.

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

Orangeville Hydro achieved 91.1% of its four-year Net Cumulative Energy (kWh's) Savings target amounting to 10,800,000 kWh. 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 receiving the required deliverables from the proposed Generator. Orangeville Hydro has developed and implemented an internal procedure to ensure compliance with this regulation. In 2014, Orangeville Hydro completed one CIA, which was completed within the prescribed time limit. In 2013, Orangeville Hydro completed two CIA's, all of which were completed within the prescribed time limit. Orangeville Hydro expects the trend for this measure to continue for the foreseeable future.

- **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 or small businesses. In 2014, Orangeville Hydro connected one new micro-embedded generation facility 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. Orangeville Hydro's process for these projects is well documented and Orangeville Hydro works closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded. Orangeville Hydro expects the trend for this measure to continue to exceed the mandated target for the foreseeable future.

Financial Ratios

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

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high then the company may be inefficient at using its current assets or its short-term financing facilities.

Orangeville Hydro's current ratio increased from 1.22 in 2013 to 1.92 in 2014 which is indicative of a financially healthy organization. Orangeville Hydro's current ratio is expected to remain healthy into the foreseeable future.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board (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.

Orangeville Hydro's debt to equity rate was 1.21; or 55% debt to 45% equity in 2014. Orangeville Hydro continues to maintain a debt to equity structure that closely resembles the ratio expected by the OEB. Orangeville Hydro expects its debt to equity ratio to remain close to the expected norm into the foreseeable future.

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. A utility's ROE should be within the +/-3% range allowed by the Ontario Energy Board (OEB). Orangeville Hydro's current distribution rates were approved by the OEB and commenced on May 1, 2014. The approved rates include an expected (deemed) regulatory return on equity of 9.36%. Prior to 2014 the allowed rate of return was 9.85%. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

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

Orangeville Hydro's return achieved in 2014 was 9.47%, which is well within the deemed ROE set by the Ontario Energy Board (OEB) of 9.36%. The average return over the past 3 years was 7.83% and has been within the OEB allowed range of +/-3%. In 2014, Orangeville Hydro's return increased due to lower operating costs, lower deemed return, supported by the structure of the new rates approved by the OEB in 2014. These factors allowed for a rate reduction in 2014. Orangeville is targeting to maintain a return similar to 2014 in the future by focusing on further improvement operating costs and processes.

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.