

Scorecard - Ottawa River Power Corporation

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%	98.60%	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	99.80%	99.80%	99.90%	99.90%	99.90%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution						97%		
		Billing Accuracy						99.95%	→	98.00%
		Customer Satisfaction Survey Results						Satisfied		
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	NI	C	C	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	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	0.71	2.39	1.69	0.91	1.24	↓		at least within 0.71 - 2.39
		Average Number of Times that Power to a Customer is Interrupted	0.79	1.43	1.08	0.81	0.79	↓		at least within 0.79 - 1.43
	Asset Management	Distribution System Plan Implementation Progress						In Progress		
	Cost Control	Efficiency Assessment				3	3	3		
		Total Cost per Customer ¹	\$449	\$487	\$470	\$505	\$471			
Total Cost per Km of Line ¹		\$31,795	\$34,703	\$33,773	\$32,410	\$30,544				
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		11.21%	23.42%	34.07%	62.63%	●		1.61MW
		Net Cumulative Energy Savings (Percent of target achieved)		34.42%	60.15%	77.51%	105.03%	●		8.97GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		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)	3.29	2.70	2.32	1.54	1.77			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.74	0.73	0.72	0.73	0.72			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.85%	9.85%		
			Achieved		10.58%	11.60%	5.90%	6.31%		

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 B – 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>

Scorecard MD&A - General Overview

In 2014, Ottawa River Power exceeded all performance targets except the Net Annual Peak Demand Savings (Percent of target achieved) measure. Aging distribution infrastructure continues to be the primary challenge facing utilities today. Like most utilities in Ontario, Ottawa River Power must replace aging infrastructure at an accelerated pace in order to meet this challenge. 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.

Further to the above, Ottawa River Power continues to focus on you, the customer. Ottawa River Power 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. Ottawa River Power remains committed to provide its customers with the most reliable service at the least possible cost.

In 2015, Ottawa River Power 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, Ottawa River Power connected 120 low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This represents a decrease of ten connections from 2013, which is driven primarily by demand or growth in the service area. Ottawa River Power 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, Ottawa River Power connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Ottawa River Power prides itself on being a small pliable utility able to respond to its customers’ needs quickly. It expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Ottawa River Power scheduled 306 appointments in 2014 to connect services, disconnect services, or otherwise complete work requested by its customers. This represents an increase of 85 appointments or a 38% in the number of appointments over 2013, which is driven primarily by customer demand. Ottawa River Power 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, Ottawa River Power met 100% of these appointments on time, again exceeding the Ontario Energy Board’s mandated target of 90% for this measure. Ottawa River Power expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2014, Ottawa River Power received over 27,026 calls from its customers averaging over 100 calls per day. This is 1,950 more telephone calls than received in 2013. The increase in call volumes is attributed to customer preference to contact Ottawa River Power by telephone. Ottawa River Power 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 99.9% of these calls in 30 seconds or less. This too exceeds the Ontario Energy Board mandated target of 65% for this measure. Ottawa River Power 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.

Ottawa River Power defines “First Contact Resolution” as the number of customer enquires that are resolved by the first contact at the utility, not 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. Ottawa River Power considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction.

- **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. Ottawa River Power considers timely and accurate billing to be an essential component of customer satisfaction. For the period from October 1, 2014 – December 31, 2014, Ottawa River Power issued more than 3,800 customer bills and achieved a billing accuracy of 99.9%, which is within the Ontario Energy Board mandated target of 98%. Ottawa River Power 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.

In 2014, Ottawa River Power did not specifically conduct a customer satisfaction survey. It did hold a town hall meeting where future capital and operational and maintenance plans for the utility were discussed. Key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience were also discussed. From the meeting, and attendance at the meeting, Ottawa River Power assumes that its customers are satisfied with its service. Ottawa River Power will conduct an online customer satisfaction survey in the fall of 2015. This customer satisfaction survey will 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. Ottawa River Power is only required to report on this measure on a biannual 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, Ottawa River Power 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, including fatalities, which occur within a utility's territory. In 2014, Ottawa River Power had zero fatalities and no serious incidents within its territory.

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. Ottawa River Power views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Ottawa River Power 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, Ottawa River Power achieved 1.24 hours of interrupted power, which is within the range of its historical performance for interrupted power and consistent with other measures over the five-year period between 2010 and 2014. This trend is expected to continue into the foreseeable future.

- **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 Ottawa River Power. 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. Ottawa River Power experienced interrupted power 0.79 times during 2014, which is within the range of its historical performance for interrupted power and consistent with other measures over the five-year period between 2010 and 2014. This trend is expected to continue into the foreseeable future.

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 Ottawa River Power'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 Ottawa River Power'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.

As of December 31, 2014 Ottawa River Power did not yet have a full distribution system plan in place and will therefore be using its capital asset management plan as a substitute. Ottawa River Power will implement its first full distribution system plan during its 2016 cost of service application. At that time, the distribution plan will supersede the current asset management plan.

Ottawa River Power will define this measure as the tracking of actual capital projects to planned capital projects, expressed as a percentage. For 2014, Ottawa River Power completed \$1.2 million of its planned capital projects (\$1.3 million). This trend is expected to continue into the foreseeable future.

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, Ottawa River Power was placed in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/-10% of predicted costs. This is the same as its Group 3 efficiency ranking in 2013. Group 3 contains the largest group of distributors with over 30 Ontario distributors. Although Ottawa River Power's future 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 Ottawa River Power's capital and operating costs and dividing this cost figure by the total number of customers that Ottawa River Power serves. Similar to most distributors in the province, Ottawa River Power 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 \$471/customer, which is a 6.7% decrease over its 2013 result. On average, Ottawa River Power's total cost per customer has increased by 1.2% per annum for the period 2010 – 2014. Going forward, utility costs are expected to keep pace with economic fluctuations, however, Ottawa River Power 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, Ottawa River Power's rate is \$30,544 per km of line, which is a 6.1% decrease over its 2013 rate. Ottawa River Power's growth rate for its territory is considered to be relatively low. As a result, the cost per km of line is expected to slowly increase as capital and operating costs also increase. As we progress into the future, Ottawa River Power 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

- **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.

Ottawa River Power achieved 62.63% of its Net Annual Peak Demand (kW) Savings target of 1610 kW 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. 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)**

Ottawa River Power achieved 105.03% its four-year Net Cumulative Energy (kWh's) Savings target of 8.97million kWh at the end 2014. 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 authorization from the Electrical Safety Authority. Ottawa River Power has developed and implemented an internal procedure to ensure compliance with this regulation. All CIA's are conducted internally by Ottawa River Power line staff.

Ottawa River Power did not have any requests for CIA's in either 2014 or 2013.

- **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, Ottawa River Power connected seven 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. Ottawa River Power's process for these projects is well documented and Ottawa River Power works closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded. Ottawa River Power 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 (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Ottawa River Power's current ratio increased from 1.5 in 2013 to 1.7 in 2014, which is indicative of a financially healthy organization. Ottawa River Power'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 uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2014, Ottawa River Power's debt to equity ratio was 42/58 or 0.72. Although this is a lower debt-to-equity than expected by the Ontario Energy Board, Ottawa River Power is satisfied with its level of profit. It has been able to continue to keeping rates its rates to customers lower than many distributors. Ottawa River Power expects its debt to equity ratio to remain consistent 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. Ottawa River Power's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.85%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

Ottawa River Power achieved a ROE of 6.31% in 2014, which is 0.54% below +/-3% range allowed by the OEB (see above paragraph). The average ROE over the past 4 years was 8.6%, which is well within the deemed regulatory return specified in Ottawa River Power's approved rates (see above paragraph). Ottawa River Power has submitted its 2016 Cost of Service application in order to maintain its financial stability.

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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.