

# Scorecard - Westario Power Inc.

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	96.90%	93.20%	92.00%	91.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	97.20%	99.40%	98.30%	97.10%	100.00%		90.00%		
		Telephone Calls Answered On Time	81.00%	92.20%	96.00%	75.10%	79.60%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution						81.5%			
		Billing Accuracy						99.76%		98.00%	
		Customer Satisfaction Survey Results					Generally Satisfied	74%			
<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	NC	C	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	0	1	0	1			0
	Rate per 10, 100, 1000 km of line		0.229	0.000	0.194	0.000	0.194			0.087	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	1.15	1.44	0.83	2.64	4.76			at least within 0.83 - 2.64	
		Average Number of Times that Power to a Customer is Interrupted	9.19	0.48	0.34	0.65	1.20			at least within 0.34 - 9.19	
	<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>		\$507	\$528	\$508	\$550	\$540					
Total Cost per Km of Line <sup>1</sup>		\$21,667	\$22,838	\$22,269	\$24,220	\$23,829					
<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>		8.46%	21.59%	32.79%	57.08%			4.24MW	
		Net Cumulative Energy Savings (Percent of target achieved)		30.22%	74.15%	93.94%	110.89%			20.95GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time				0.00%	0.00%	80.00%			
		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)	2.02	1.39	1.33	1.37	1.54				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.64	0.67	0.61	0.64	0.70				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.01%	8.01%	8.98%	8.98%			
			Achieved		4.34%	7.83%	8.50%	11.90%			

**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

# 2014 Scorecard Management Discussion and Analysis (“2014 Scorecard MD&A”)

## Scorecard MD&A - General Overview

- Westario Power Inc. (Westario) in the 2014 Scorecard has continued to reflect a customer focused, financially sound, safe and reliable Local Distribution Company. Customer satisfaction and feedback inform and influence Westario’s operations, which is reflected in the continued low number of dissatisfied customers. Westario’s investment in technology to provide greater choice to the customer of how, when and where they to choose to communicate will continue to provide an appropriate cost effective platform for customer interactions.

While weather affects our distribution system as noted in the System Reliability measures, Westario continues to maintain vegetation control predominately through tree trimming to reduce vulnerability to bad weather events.

Westario continues to be a financially strong company that re-invests in technology that will bring improvements to customer interactions, system reliability and safety.

## Service Quality

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

In 2014 Westario Power Inc. (Westario) connected 100% of 118 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). This is an improvement over the previous years by approximately 9%, and above the 90% OEB mandated threshold. The increase is in part due to emphasis by management on customer service along with training. Westario continues to focus on providing strong customer service including these connection activities.

- **Scheduled Appointments Met On Time**

Westario scheduled over 4,758 appointments with its customers in 2014 to complete work they requested, 100% of the time. This is an improvement over 2013’s 97%. Westario through its customer focus and training achieved the increase, which is in excess of the industry standard of 90%.

- **Telephone Calls Answered On Time**

The customer service department achieved in 2014 an increase over 2013’s 75% to 79% for the contact centre agents answering

telephone calls within 30 seconds. The call centre received over 28,722 calls throughout the year and exceeded the OEB mandated 65% target. Not only does Westario receive and respond to telephone inquiries but continues to promote the use of self-serve web tools like MyHydroEye, on-line requests for moves, frequently asked questions and email. These efforts to provide information in a way that allows for customer choice will continue in a cost efficient and consumer centric approach.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure. First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

Westario Power Inc. (Westario) has measured First Contact Resolution based on the outcome of the initial contact. When no further action is required after that initial contact this represents Westario's 81% resolution measure. Westario continues to review the process and looks to further enhance the customer experience.

- **Billing Accuracy**

Until July 2014 a specific measurement of billing accuracy had not previously been defined across the industry. After consultation with the Industry, the Ontario Energy Board (OEB) has prescribed a measurement for billing accuracy which must be used by all electricity distributors effective October 1, 2014.

For the period from October 1, 2014 – December 31, 2014 Westario Power Inc. (Westario) issued more than 69,000 bills and achieved a billing accuracy of 99.76%. This compares favourably to the prescribed OEB target of 98%. Westario continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

Westario Power Inc. (Westario) has conducted telephone customer satisfaction survey over the past number of years. Using the same statistical methodology as the past Westario achieved a 74% measure, down from 2013's 79%. When all levels of customer satisfaction are included the results are 97%, consistent with 2013's results of 96%. The 3% of dissatisfied customers were, primarily due to the overall

cost on their electricity bill, which remained consistent with 2013's results. While Westario manages less than 17% of the total customer bill it will continue its efforts to maintain appropriate cost control while providing a safe and reliable delivery of power to its customers.

## Safety

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

In the past year Westario Power Inc. (Westario) has initiated safety awareness programs that included both workers and members of the public. Westario notes that this component of the public safety measure will not have performance data for the 2014 scorecard. The 2015 results to be issued in 2016 will be the first year that the data for this component of measure will be on the scorecard.

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

Through Westario Power Inc.'s (Westario) dedication to creating and supporting safety for its workers, contractors, customers and the general public, Westario has achieved compliance with Ontario Regulation 22/04 from the Electrical Safety Authority for the past 4 years. Safety remains a core attribute of Westario as it delivers power to its customers daily.

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

The incident in each of 2012 and 2014 were accidents caused by customers not properly adhering to the respective electricity safety codes. In both cases there were no injuries, however our distribution plant received some damage. Westario Power Inc. (Westario) endeavours to provide safety information and outlining the dangers that all customers need to be aware of prior to working around power lines and equipment. This includes calling our office, locates prior to digging and references to the respective codes, all free to the customer and other interested third parties. Westario continues to strive to communicate on safety throughout our distribution system through various methods including safety orientations, on-line, outreach and telephone.

## System Reliability

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

Westario Power Inc. (Westario) experienced an increase in this measure to 4.76, which is outside the range of 0.83 to 2.64. The majority of interruptions continues to be as a result of increased storm activity. Most notable was in November where there were 6,500 customers without power due to high winds for over 7.5 hours. When this unusually long outage is removed from the measure, Westario falls within the expected range. The reliability of the system remains a cornerstone of Westario, with attention to vegetation management (mostly tree trimming), and re-investment in the distribution system infra-structure.

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

Westario Power Inc.'s (Westario) Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 1.2 was within the target range of 0.34 to 9.19. Westario's service territory particularly along the western shore of Lake Huron is susceptible to storms that account for the majority of the frequency of outages.

## **Asset Management**

- **Distribution System Plan Implementation Progress**

Westario Power Inc. plans to file an application with the Ontario Energy Board (OEB) for a full review of its rates effective January 1, 2017. Accordingly, as of April 2015, Westario Power Inc. is in the process of completing its Distribution System Plan ("DSP").

## **Cost Control**

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. Westario Power Inc. (Westario) has for the third year been assessed in Group 3. A Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Westario continues to strive to achieve greater efficiency through productivity improvements and cost control, without compromising safety and reliability.

- **Total Cost per Customer**

Total Cost includes the Operating Maintenance and Administration (OM&A) expenses and the capital investment as determined through the Pacific Economics Group LLC methodology. Westario Power Inc. (Westario) achieved a Total Cost per Customer of \$540, down by 1.8% from the previous year. This was achieved primarily through cost containment. Westario continues to monitor and manage its cost structure to balance the cost effectiveness with reliability and safety of its distribution system.

- **Total Cost per Km of Line**

Westario Power Inc. (Westario) achieved \$23,829 per km of line, down by 1.6% from 2013. This is primarily a result of the Total Costs reducing as noted in the above Total Cost per Customer.

## Conservation & Demand Management

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

Westario Power Inc. (Westario) achieved 57% of its Net Annual Peak Demand Savings target as at the end of 2014. By targeting our large commercial, industrial and institutional customers, Westario utilized the full suite of Ontario Power Authority (“OPA”) province-wide demand management programs.

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

Westario Power Inc. (Westario) exceeded its four-year net cumulative energy savings target by the end of 2014. Westario achieved this success by generating broad participation from all our customers in their desire to conserve energy through popular Ontario Power Authority (“OPA”) province-wide programs for the home and business.

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2014 Westario Power Inc. (Westario) did not achieve this on one of the five CIA’s submitted. Westario outsources the CIA work to an engineering firm, where this delay was a result of their work load, and resourcing. Westario has implemented a review and monitoring process to ensure the time frames are achieved.

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

In 2014, Westario Power Inc. (Westario) connected 2 new micro-embedded generation facilities (microFIT projects of less than 10 kW) 100% of time within the prescribed time frame of five business days. Westario works very closely with its customers and their contractors to ensure the project is connected safely and on time.

## Financial Ratios

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

Westario Power Inc. (Westario) 2014 results reflects a solid 1.54 Current Ratio that remains within historical range of 1.39 to 2.02. This reflects Westario’s continued solid financial liquidity to support its operations and investments.

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

Westario Power Inc. (Westario) 2014's leverage increased to 0.70, reflecting the company's increased long term borrowing to support long term infrastructure asset renewal. The ratio remains low and is indicative of the company's strong financial health to support current and future customer needs through its operations and infrastructure.

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

Westario Power Inc.'s (Westario) current distribution rates were approved by the Ontario Energy Board (OEB) which includes an expected (deemed) regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

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

Westario Power Inc. (Westario) earned 11.9%, up from the previous years due to some revenue increases based on higher than anticipated volumes, coupled with some cost containment. The Regulatory Return on Equity remained within the +/- 3% of the deemed Regulatory Return on Equity. The average over the past 4 years is 8.14% reflecting stable earnings to support the operations and re-investment in the distribution assets, while maintaining a customer focused operation that is reliable and safe.

## 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.