

Scorecard - Centre Wellington Hydro Ltd.

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	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%	100.00%	96.60%	97.90%		90.00%		
		Scheduled Appointments Met On Time	90.50%	97.60%	99.40%	91.70%	97.60%		90.00%		
		Telephone Calls Answered On Time	99.70%	99.80%	99.90%	99.70%	99.60%		65.00%		
	Customer Satisfaction	First Contact Resolution						0.5%			
		Billing Accuracy				99.99%	99.98%		98.00%		
		Customer Satisfaction Survey Results				A	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						84.10%			
		Level of Compliance with Ontario Regulation 22/04 ¹	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 ²	0.33	0.26	2.87	0.02	0.14			0.89	
		Average Number of Times that Power to a Customer is Interrupted ²	0.89	0.74	0.89	0.08	0.06			0.66	
	Asset Management	Distribution System Plan Implementation Progress				80	89				
	Cost Control	Efficiency Assessment		3	3	3	3				
		Total Cost per Customer ³	\$568	\$599	\$614	\$617	\$654				
		Total Cost per Km of Line ³	\$22,916	\$26,707	\$27,271	\$27,509	\$29,247				
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 Cumulative Energy Savings ⁴						18.11%		8.73 GWh	
	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%	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)	3.21	2.14	2.08	1.70	2.26				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.76	0.74	0.89	0.98	1.16				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.98%	8.98%	8.98%			
			Achieved	3.34%	2.99%	10.40%	10.96%	8.13%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the fixed 5-year (2010 to 2014) average distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor's reported information.

4. The CDM measure is based on the new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

Legend:

5-year trend

up down flat

Current year

target met target not met

2015 Scorecard Management Discussion and Analysis (“2015 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 2015 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

As in 2014, Centre Wellington Hydro (CWH) exceeded every Ontario Energy Board (OEB) Industry target for the 2015 Scorecard. The continued high performance is a direct result of the investment CWH has made in rebuilding its infrastructure, maintaining its equipment to stay reliable and our commitment to customer service quality and focus on you, the customers.

In 2015, CWH rebuilt its 4th Distribution Station in an aggressive 5-year schedule to rehabilitate all 6 stations between 2012 and 2016 which are anticipated to aid in maintaining low outage statistics. Also helping low outage statistic scores is CWH’s 2-3-year tree trimming rotation schedule, which keeps vegetation back from all power lines at a manageable pace. Another example of prudent maintenance is adopting a program to repair and paint pad mounted transformers to extend the life of these assets and mitigate replacement costs.

In 2015, CWH installed new office telephone equipment and added a call reporting and management software in the second quarter of 2016 to accurately report on OEB measures.

Aside from processes, software, and technical updates and automation implementations, there is a culture of valuing our relationship with customers’ and their expectations at CWH. All CWH staff, management and Board members are committed to the customers we serve and strive to provide great service and system reliability at reasonable rates in a safe and efficient manner.

Service Quality

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

In 2015, CWH connected 47 low-voltage (connections under 750 volts) residential and small business customers. This represents a decrease of 18% in the number of connections over 2014. CWH 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, CWH connected 97.9% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. CWH expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

CWH scheduled 212 appointments in 2015 to connect services, disconnect services, or otherwise complete work requested by its customers. This represents a 10% increase in the number of appointments over 2014. CWH 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, CWH met 97.6% of these appointments on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

- **Telephone Calls Answered On Time**

In 2015, CWH received 8,531 calls from its customers (over 33 calls per day). This represents a decrease of 2% in the number of calls over 2014. The decrease in call volumes is attributed to increased customer engagement through emails, our website and online account access to account balances, time of use and conservation tips. CWH 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 99.6% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure.

Customer Satisfaction

- **First Contact Resolution**

CWH defines “First Contact Resolution” as the number of customer enquires that are not 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.

Customer Service Representatives log calls, walk-ins, letters, and emails. If they are unable to address the concern on the initial contact and must forward, they mark the call as “unresolved first contact” so that we can track them as they pass them on to someone else within the organization. Of the 8,531 calls received, 45 were tagged as “unresolved first contact.” This gave us a 0.5% measure for First Contact resolution.

- **Billing Accuracy**

Billing Accuracy is a new scorecard measure introduced by the Ontario Energy Board late in 2014. It is defined as the number of accurate bills issued expressed as a percentage of total bills issued.

CWH considers timely and accurate billing to be an essential component of customer satisfaction. CWH has checks and measures in place to monitor the accuracy of the bills. We produced a total of 81,145 bills in 2015 and had a total of 16 inaccurate bills for the year. This gave us a Billing Accuracy Measure of 99.98%.

- **Customer Satisfaction Survey Results**

In 2014, CWH 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. CWH considers this customer satisfaction survey to be a useful tool for engaging the customer and to receive a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement.

In 2014, Utility Pulse did a joint customer satisfaction survey for Cornerstone Hydro Electric Concepts Association (CHEC) members of which CWH is a member. As this is a bi-annual survey the 2014 results carry over to 2015. CWH received a rating of “A” on its most recent Customer Satisfaction Survey.

Safety

- **Public Safety**

Public Safety is a scorecard measure introduced in 2014 by the Ontario Energy Board. 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. CWH’s first public awareness survey score was 84.1%.

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

Component B consists of a utility’s 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. Through our strong commitment to safety, CWH was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) over the past three years.

- **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 2015, CWH had zero fatalities and no (0) serious incidents within its territory; which translates to a rate of 0 incidents per 1,000 km of line for 2015.

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. CWH views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. CWH regularly maintains its distribution system to ensure its level of reliability is maintained. For 2015, CWH's average number of hours that power to a customer was interrupted is 0.14, which is well within the range over the five-year period between 2011 and 2015. CWH attributes the low trend in outage duration to customers last year to major betterments to distribution substations over the last 4 years and no major weather/storm events causing outages in 2015.

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

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for CWH. As outlined above, the Ontario Energy Board typically requires a utility to keep this measure within the range of its historical performance and outside factors can greatly impact this measure. CWH experienced interrupted power 0.06 times during 2015, which is the lowest in the five year period between 2011 and 2015 and attributed to the same major system betterments and lower than average weather related incidents in 2015, as mentioned above.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan implementation progress was instituted by the Ontario Energy Board beginning in 2013. The Distribution System Plan outline forecasted capital expenditures over 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 CWH'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.

CWH is currently completing its Distribution System Plan. For the 2015 scorecard CWH used the existing capital Asset Management Plan as a substitute. CWH will implement its first full Distribution System Plan at its next cost of service application, which is currently scheduled for submission in 2017 for January 1st, 2018 rates. At that time, the Distribution System Plan will supersede the current Asset Management Plan.

CWH defines this measure as the tracking of actual capital projects completed to planned capital projects, expressed as a percentage. For 2015, CWH completed 89% of the capital projects planned for 2015.

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 2015, CWH 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. CWH's average cost performance calculation for 2012-2014 showed that CWH was above the predicted cost by 0.4%.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CWH's capital and operating costs, including certain adjustments to make the costs more comparable between utilities and dividing this cost figure by the total number of customers that CWH serves. Similar to most distributors in the province, CWH has experienced increases in its total costs required to deliver quality and reliable services to customers.

CWH's rate is \$654 per customer. Going forward, utility costs are expected to keep pace with economic fluctuations; however, CWH will continue to explore productivity and efficiency improvements to help offset costs associated with distribution system enhancements, while maintaining the reliability and quality of its distribution system.

- **Total Cost per Km of Line**

CWH's rate is \$29,247 per km of line. The total cost used is the same total cost mentioned in Total Cost per Customer above and is then divided by CWH's total kilometers of line within our service territory. CWH's growth rate for its territory is considered low and as a result, the cost per km of line is expected to slowly increase as capital and operating costs increase. As we progress into the future, CWH 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 Cumulative Energy Savings**

On the Conservation & Demand Management (CDM) portfolio a long history exists of CWH working in collaboration with Cornerstone Hydro Electric Concepts Association (CHEC) local distribution companies (LDCs). The CHEC LDCs recognized that working together would expedite program delivery and assist in maintaining cost effective delivery of programs. For the previous framework, 2011-14 CWH was one of only 6 LDCs that met both the kWh and kW targets. While the new framework targets are challenging CWH is continuing its efforts. In 2015 CWH reached 18.11% of the energy targets set for the Conservation First Framework (CFF) period from 2015 to 2020. This is an excellent start to the new framework and customer contact and interest in further involvement in the programs appear high.

CWH along with 6 other LDCs have filed a combined CDM Plan for the CFF. The CDM Plan development was a result of consultation with CHEC Members,

review of historical performance and consideration of the IESO Achievable Potential Study.

CWH will offer a full range of provincial programs in the service territory and continue to work collaboratively both with CHEC and other LDCs in an effort to develop new programs at the LDC and/or regional level.

CWH has a close relationship with its customers, has been active in community events and networking opportunities within the community. These activities provide excellent vehicles to share program information, obtain input from the customers and tailor delivery methods to meet local needs.

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. CWH has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2015, CWH completed all CIA's within the appropriate period and therefore achieved 100% for this measure.

- **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 2015, CWH connected 2 new micro-embedded generation facilities within its territory. All of these projects, 100%, 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. CWH's process for these projects are well documented and CWH works 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)**

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.

CWH's current ratio increased from 1.70 in 2014 to 2.26 in 2015. CWH's current ratio is expected to remain financially healthy into the foreseeable future, CWH expects to show a reduction to the 2015 level of 2.26 due to completing the two remaining distribution station upgrades in 2016.

- **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 2015 CWH's debt to equity ratio was 1.16, which is close to a 54/46 ratio indicating CWH's financial stability is sound.

- **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. CWH's current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 8.98%. The Ontario Energy Board 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 Ontario Energy Board.

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

CWH achieved a ROE of 8.13% in 2015, which is within the 8.98% +/-3% range allowed by the Ontario Energy Board (see above paragraph). CWH anticipates the average ROE to fall within the +/-3% range in to the foreseeable future.

Note to Readers of 2015 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.