

# Scorecard - Chapleau Public Utilities Corporation

9/29/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  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%	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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	65.00%		
	Customer Satisfaction	First Contact Resolution				100%	100				
		Billing Accuracy				100.00%	99.99%	⬇	98.00%		
		Customer Satisfaction Survey Results				95%	95				
<b>Operational Effectiveness</b>  Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness							76.00%		
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	C	C	NI	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 <sup>2</sup>	1.93	0.44	2.18	0.28	4.75	⬆		1.36	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.45	0.28	2.58	0.38	1.07	⬆		0.92	
	Asset Management	Distribution System Plan Implementation Progress				0%	50				
	Cost Control	Efficiency Assessment		4	4	4	4				
		Total Cost per Customer <sup>3</sup>	\$606	\$643	\$653	\$729	\$735				
		Total Cost per Km of Line <sup>3</sup>	\$29,033	\$30,385	\$30,175	\$33,329	\$33,436				
<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).	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>							26.22%	1.05 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.35	1.69	1.75	2.04	2.05				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.57%	9.12%	9.12%	9.12%	9.12%			
			Achieved	5.43%	-17.50%	19.84%	16.88%	0.40%			

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

- In 2015 Chapleau PUC met and exceeded all performance targets with the exception of the two measures of System Reliability. Chapleau PUC did not reach its target for Average Number of Hours that Power to a Customer is Interrupted and Average Number of Times that Power to a Customer is Interrupted. One power outage resulted in our poor results. This power outage was originally scheduled by Hydro One, which would have been a loss of supply. Chapleau PUC always takes advantage of these power outages to perform maintenance. Therefore, for the June 7<sup>th</sup> power outage, Chapleau PUC prepared to take advantage of a scheduled Hydro One outage to perform work on its 4160 circuit by scheduling contractors to perform work for us. On June 6<sup>th</sup> around 4:30 in the afternoon Hydro One contacted us to inform us that they were cancelling the outage, no reason given. Our scheduled out-of-town contractors (Timmins, 2 hour drive away) had 6 men, one double bucket, one off road bucket and an RBD already on site, we had no choice but to proceed.

Like most utilities in Ontario, Chapleau PUC must replace aging infrastructure and is considering options for addressing line losses through distribution system upgrades and potential voltage conversion. In addition, asset replacement programs or capital projects will increase system reliability and reduce the vulnerability of the distribution system to bad weather events.

## Service Quality

- **New Residential/Small Business Services Connected on Time**  
Chapleau PUC connected 17 <750 volt customers and small businesses. All service up-upgrades were done well within the five-day timeline prescribed in the DSC. Chapleau PUC continues to achieve 100% which is above the OEB mandated 90%. We will continue to work closely with our customers to continue achieving this target.
- **Scheduled Appointments Met On Time**  
Chapleau PUC scheduled almost 60 appointments with its customers in 2015. Work requested by our customers involved locates, disconnects, re-connects, new service connections and other appointments scheduled during regular hours of operation. Consistently, Chapleau PUC continues to meet 100% of these appointments on time, exceeding the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2015 Chapleau PUC recorded 938 qualifying incoming calls, an average of 4 calls a day. Due to the small volume of customer phone calls the cost of maintaining a customer contact center is not warranted. Chapleau PUC has implemented a call answer voice mail system which gives our customers the option to leave a message or request a call return. Chapleau PUC returns all calls in a very short period of time. Chapleau PUC achieved 100% of eligible telephone calls answered on time. Chapleau PUC will continue to work at achieving this target which exceeds the OEB mandated 65%.

## Customer Satisfaction

- **First Contact Resolution**

Chapleau PUC keeps forms at our front counter to log all complaints. Chapleau PUC has been tracking First Contact Resolutions since July 2014. In 2015 Chapleau PUC had logged 13 complaints, all related to high bill inquiries. The community of Chapleau is a small town which allows us the ability to readily communicate with our customers. All 13 complaints that Chapleau PUC logged were resolved at 100% resolution. Chapleau PUC had 5 written responses to inquiries, all responses were provided within 10 days.

- **Billing Accuracy**

For the period of 2015 Chapleau PUC issued more than 15,000 bills and achieved a billing accuracy of 99.99%. This compares favorably to the prescribed OEB target of 98%. Chapleau PUC continues to monitor its billing accuracy results and processes.

- **Customer Satisfaction Survey Results**

Chapleau PUC retained Burman Energy Consultants Inc. and CGC Educational Communications Inc. to develop and execute a tailored consumer research that concentrated in the following areas:

Chapleau PUC's customers' experience in terms of the impacts of service interruptions, customers' attitudes about the value of electricity to consumers as it relates to future investments and identifying customer preferences with respect to service offerings and plans for distributing system upgrades.

The survey was offered in both official languages with 20% of the respondents being French-speaking. Customer feedback produced a score of 95% with a rating response of "overall customer satisfaction". The "CSAT" Customer Satisfaction Score calculated a combined rating of 7 and above on a scale from 1 to 10. Sample size at 100 to achieve a confidence level of 90% with confidence interval of 5%.

Chapleau PUC is looking into completing a new customer survey in 2017.

## Safety

- **Public Safety**

The Ontario Energy Board introduced the Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The safety measure is generated by the Electrical Safety Authority (ESA) and includes three components; Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04 and the Serious Electrical Incident Index.

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

Chapleau PUC participated in a public safety survey in 2015 along with Hearst, Hawkesbury, Embrum Hydro and Northern Ontario Wires. Chapleau PUC had 233 customers participated in the online and phone survey. Chapleau PUC also provides valuable safety information on our website.

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

Chapleau PUC is audited annually by the ESA to meet the 22/04 compliance. The 2015 assessment report did not identify any non-compliance nor any needs improvement issues. Chapleau PUC's Due Diligence Inspection was performed in October 2015 with no findings to be addressed.

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

Chapleau PUC has no reported electrical incidents to report.

## System Reliability

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

In 2015 Chapleau PUC had an increase in the number of outages from 20 in 2014 to 35 in 2015 where 8 of the outages were due to loss of supply, therefore out of the Chapleau PUC's operational control. One of the power outages that affected all of Chapleau PUC customers was due to a scheduled outage initiated by Hydro one in order to perform maintenance. Two of the loss of supply outages were due to bird contact and equipment failure in the Hydro One station that supplies power to 340 of our customers, they occurred on March 9th for 5.5 hours and on August 2<sup>nd</sup> for 4.5 hours. The remaining 5 loss of supply outages were due to problems with the Hydro One F4 circuit from tree contacts.

The cause of the 27 remaining outages were short in duration or scheduled for maintenance work. One of these outages occurred on June 7<sup>th</sup> where Hydro One scheduled a maintenance outage, which would have been a loss of supply. The outage was cancelled last minute by Hydro One but Chapleau PUC had to proceed with the outage because of out-of-town contractors that were scheduled to

perform maintenance work. The cause of the remaining outages that affected a small amount of our customers, from 1 to 16 customers each time is as follows:

- Chapleau PUC scheduled outages for upgrades or maintenance was 7
- Foreign interference (bird contacts, emergency repairs to customer service) was 8
- Tree contacts was 1
- Adverse weather was 5
- Defective equipment was 5

Chapleau PUC values its system reliability and is continuing to improve assets, along with system upgrades and replacements.

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

The average number of times that power to a customer is interrupted (ie. Frequency) of 1.07. By removing the one scheduled outage that Hydro One cancelled and would have been a loss of supply, our adjusted SAIDI & SAIFI would have been .34 and .34 which is comparable to 2014's results and would have kept us within the OEB target of .92. Chapleau PUC will continue to monitor its assets with yearly infra-red scans to the station and distribution system along with station inspections and system deficiency patrols.

## Asset Management

- **Distribution System Plan Implementation Progress**

Chapleau PUC has finalized its DSP and it will be submitted with our Cost Of Service submission at the end of August 2016. Chapleau PUC developed priorities in the management of its assets by reviewing available data sets. The data sets include corporate scorecard results, customer survey results and other historical engagement exercises. Because this is Chapleau PUC's first DSP submission scorecard analyses were performed comparing past performance, industry benchmarks and year-over-year trends. Chapleau PUC identified the significant energy losses occurring on the distribution system as a prime gap that needed to be addressed.

## Cost Control

- **Efficiency Assessment**

The electricity distributors are divided into five groups based on the magnitude of the difference between their respective actual and predicted costs. In 2015 Chapleau PUC was placed in Group 4 (same as 2014). Distributors that had cost in excess of 10% to 25% of that predicted received a stretch factor of 0.45%. The 2015 Benchmarking Update Report to the Ontario Energy Board showed 11 Ontario distributors ranked in Group 4. Chapleau PUC will continue working to improve our ranking to a more efficient group.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Chapleau PUC's capital and operating costs and dividing this cost figure by the total number of customers that we serve. Chapleau PUC's total cost per customer in 2015 was \$735, which is a slight increase from 2014's \$729.

- **Total Cost per Km of Line**

The cost per KM of Line 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 Chapleau PUC operates to serve its customers. Chapleau PUC's 2015 total cost per KM of line was \$33,436. The total cost per KM of line matched the trend of costs per customer for Chapleau PUC, since neither the customer numbers, nor the kilometers of line changed significantly.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Net Cumulative Energy Savings (Percent of target achieved) Chapleau PUC is based on the new 2015-2020 Conservation First Framework. During 2015 Chapleau PUC was progressing very steady toward target and has completed 26.22% of the established 2020 target which amounts in total of 1.05 GWh. The successful achievement of 26.22% cumulative energy savings was made possible by collaborative effort and providing assistance to local commercial customers in completing retrofit and energy efficient lighting projects

## Connection of Renewable Generation

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

Ontario runs two renewable generation programs. FIT (Feed-in Tariff) applicants are those customers setting up solar or renewable generation equipment to generate more than 10 kW of electricity at a time. Chapleau PUC has no renewable generation connection impact assessments to date.

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

MicroFit applicants are those customers applying to generate electricity at a level less than or equal to 10 kW of electricity. Chapleau PUC has not connected any renewable generation.

## Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being “liquid”. The higher the number, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

Chapleau PUC has maintained a healthy financial condition featuring a strong current ration in 2015 of 2.05.

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

The 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 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 payment. A debt 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.

Chapleau PUC maintains a strong financial position and has no debt at present.

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

Chapleau PUC’s profitability has remained steady during the last 4 years at 9.12%.

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

The main reason for the decrease in the ratio is due to the decline in profit for the year. The main reason for the decrease is as a result of the decline in energy and distribution sales without a significant decline in the other expenditures of the PUC. Distribution services is down 15% year over year, but other expenses (excluding the energy purchases) are only down 5% which results in a lower profit level in the current year.

## 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.