

Scorecard - Cooperative Hydro Embrun Inc.

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%	100.00%	90.50%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	93.30%	96.00%	97.00%	97.60%	92.80%		65.00%	
	Customer Satisfaction	First Contact Resolution				92%	92%			
		Billing Accuracy				99.98%	99.30%		98.00%	
		Customer Satisfaction Survey Results				90%	90%			
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					75.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	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	9.00	0.08	0.04	0.01	0.03		1.83	
		Average Number of Times that Power to a Customer is Interrupted ²	3.00	0.02	0.02	0.13	0.01		0.64	
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In Progress			
	Cost Control	Efficiency Assessment		2	2	2	1			
		Total Cost per Customer ³	\$560	\$532	\$568	\$530	\$533			
Total Cost per Km of Line ³		\$40,516	\$38,571	\$39,819	\$31,886	\$30,485				
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					6.73%		1.79 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		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)	3.19	3.24	3.14	3.09	2.87			
		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)	9.85%	9.85%	9.36%	9.36%	9.36%		
			Achieved	6.26%	10.28%	8.43%	4.35%	1.53%		

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

Cooperative Hydro Embrun Inc.

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

Scorecard MD&A - General Overview

In 2015, Cooperative Hydro Embrun (“CHE”) exceeded all performance targets with the exception of Conservation and Demand Management. CHE was not able to meet its conservation targets in 2015 achieving only 54.20% of its target. For all other measures, CHE has met its prescribed targets. In 2014, CHE implemented new cost control measures leading to improvements in cost per customer and cost per km of line which continued in 2015. In 2015, the efficiencies were reflected in the fact that CHE’s ranking was promoted to the most efficient group of the province. Going forward, the utility continued to seek cost saving solution and promoting cost sharing with neighboring utilities.

Service Quality

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

CHE connected 90.50% of its 84 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). CHE is currently working with local municipalities, to further enhance the coordination between municipal and electrical distribution construction activities.

In late 2015, the utility underwent an audit of its scorecard measures which included 1) New Residential/Small Business Services Connected on Time; 2) Scheduled Appointments Met on Time. In its finding, the OEB’s audit group concluded that CHE may not have adequate practices and processes in place to ensure that the Select Scorecard Measures reported to the OEB and the public are accurate and reliable.

As a result, the CHE made changes to its internal processes so that robust practices are established and detailed data is collected ensuring that an audit trail exists for all information submitted to the OEB. Such processes requires strong staff support to collect and verify data, work with management to confirm accuracy, and ensure that deadlines are met in a timely fashion and that the information collected complies with the regulators expectations.

The scorecard results for 2015 are lower than 2014 yet still within the range. The internal processes were only implemented on January 1 2016 and as such, the benefits of these improvements won’t be reported until 2017.

- **Scheduled Appointments Met On Time**

In 2015 CHE scheduled 5 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

This particular outcome was also subject to an OEB audit at the end of 2015. The audit group concluded that CHE did not track and report all types of appointments to which the DSC service quality requirements apply for the Scheduled Appointments Met on Time measure from 2010 to 2014.

Following the audit results, the utility made the necessary changes to its internal processes so that robust practices are established and detailed data is collected ensuring that an audit trail exists for all information submitted to the OEB. Such processes requires strong staff support to collect and verify data, work with management to confirm accuracy, and ensure that deadlines are met in a timely fashion and that the information collected complies with the regulators expectations.

- **Telephone Calls Answered On Time**

In 2015 CHE customer service received 1,688 calls from its customers. An agent answered a call in 30 seconds or less in 92.80% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2015 result amounts of – 4.9% decrease over 2014. Call volumes increase slightly due to weather condition and general information.

Customer Satisfaction

- **First Contact Resolution – Customer Satisfaction Survey**

In advance of its 2018 Cost of Service application, the utility is planning to conduct a customer satisfaction survey and also find other way to seek feedback and engage its customers in its continuous improvement. Until that time, and for the purpose of reporting it First Contact Resolution, the utility continues to rely on its 2014 survey results. First Contact Resolution was measured based on surveyed customers - CHE has only recently started tracking its "First Contact Resolution" metric. In order to comply with this requirement, the utility used the results 9 related survey questions. The utility is of the opinion that the results reflect accurate results.

Customers were asked to rate various facets of their customer experience, including Courtesy, Knowledge and Promptness and were also asked if their issue (i.e. their reason for calling) was resolved on their first call to the utility. CHE's internal process dictates that within 24 hours of their initial inbound contact, a customer service representative will contact the customer either via phone or email in an attempt to answer questions or attempt to resolve the issue. If need be, the general manager will intervene to help resolve the issue.

- **First Contact Resolution – Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2015 – December 31, 2015 CHE issued more than 24,589 bills and achieved a billing accuracy of 99.3%. This compares favourably to the prescribed OEB target of 98%. CHE continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

CHE conducted a customer satisfaction survey in September of 2014. As explained, the utility continues to rely on its 2014 survey results until a new survey is conducted. The 2014 survey was the first survey conduction by the utility. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options
- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.
- Customer support for greater use of renewable energy.

- Customer opinions regarding how aggressively sustainable practices should be pursued.
- Cost of Electricity
- Overall Performance

The survey was developed in-house through a collaborative effort of 6 utilities. Developing an in-house survey gave the group more control and flexibility surrounding the delivery of the survey. The group approached a select number of customer for their opinion on the method in which they would prefer to be approached by the surveyors (e.g. written survey, online survey or phone survey). The customer's least preferred method was a phone survey. In Cooperative Hydro Embrun Inc.'s case, a bill insert was sent along with the customer bills, to all 2,006 customers and the survey posted on the utility's website. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. With those parameters, the recommended sample size was determined to be 329. The utility received 375 responses to its survey which represents 19%. The survey results were very positive and the utility will use the results to continuously improve its overall performance.

In compliance with Board policy, the utility intends on conducting the survey on a bi-annual basis in an effort to monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

Safety

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

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of key electrical safety precautions among public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The utility conducted an online survey between February 8 2016 and April 21, 2016. 306 respondents completed the survey which resulted in a participation rate of 14.7%. The results of the survey indicated a 75% score on Public Awareness. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

As a licensed distributor, CHE must comply with Ontario Regulation 22/04 Electrical Distribution Safety and compliance with this regulation is subject to annual Audits and Declarations of Compliance. CHE has established practices and procedures that comply with Ontario Regulation 22/04 and has reported satisfactory Audits. CHE is also required to submit an annual Declaration of Compliance for certain sections of the regulation; these have also indicated compliance. ESA also undertakes a series of Due Diligence Inspections with all distributors. No significant items raised from these inspections.

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

CHE did not have any serious electrical incident to report in 2015.

System Reliability

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

CHE experienced an increase in reliability in 2015 in comparison to 2014. The result of the increase in reliability was due to schedule outage during the year. The number of interruptions increase from 17 in 2014 to 55 in 2015.

CHE's system reliability is very stable and only varies with poor weather which tends to fall outside of the utility's control. If a power failure occurs inside of the utility's distribution system, the utility is quick in responding and rectifying the issue. CHE continues to view reliability of electricity service as a high priority the utility continues to monitor its distribution assets on a regular basis.

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

The number of interruptions increase from 6 in 2014 to 16 in 2015. CHE experienced an increase in the average number of interruptions during 2015 which were mainly due to schedule maintenance in 2015.

Asset Management

- **Distribution System Plan Implementation Progress**

CHE filed an Asset Management Plan as part of its 2014 Cost of Service application. Accordingly, CHE is now in the process of developing its Distribution System Plan (“DSP”).

CHE has reported 60% completion of the DSP at December 31, 2014. This result refers to the percentage represented on a project management progress view of the drafting of the DSP document itself, and does not reflect implementation. The utility plans to file its Distribution System Plan in April of 2017 as part of its 2018 Cost of Service application.

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. In 2014 CHE was placed in Group 2 which represents a stretch factor of 0.15. In 2015, CHE was upgraded to Group 1 which has a stretch factor of 0.00. CHE’s overall costs have increased 4.1% compared to 2014. CHE will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CHE’s capital and operating costs and dividing this cost figure by the total number of customers that CHE serves. The cost performance result reported for 2014 was \$530 /customer which represented a 0.6% decrease from 2013. In 2015, the preliminary cost per customer is \$533 /customer represents a less than 1% decrease.

CHE will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and

customer rate impacts as demonstrated in its 2014 Cost of Service application, CHE will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on CHE's capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

In 2015, the total cost per Km were \$30,485 which represents a decrease of 1.2% over 2014. CHE generally experienced a low level of growth in its total kilometers of lines due to its small service area. CHE continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

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

From the time GreenSaver took over as Conservation and Demand Management (CDM) portfolio managers on behalf of Cooperative Hydro Embrun in June 2015, the year has had some promising progressions, as well as significant challenges. Despite challenges, we've made great strides to ensure the success of the portfolio for 2016. To date, an estimated total of 113 MWh in energy savings has been realized for 2015, admittedly lower than the 2015 overall target. However, there remain a few retrofit applications submitted and reviewed in 2015, with scheduled completion dates into 2016. As these projects complete and the savings are realized, we expect to be in a much better place in regards to energy savings.

Looking ahead to portfolio delivery activities in 2016, we expect continued success through the retrofit program as we work to support current participants, and perform outreach to engage with new participants and foster additional projects. Furthermore, we expect the 2016 relaunch of the Small Business Lighting Program to help deliver additional savings, as will focused efforts to increase program uptake and customer satisfaction among the residential sector (eg. Targeted outreach using the LDC-coded coupons). We will also remain committed to encouraging uptake through the Residential New Construction program. Finally, we expect that the relaunch of the Home Assistance Program will help drive additional applications.

Connection of Renewable Generation

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

CHE does not have any Fit projects in 2014 and as such did not need Connection Impact Assessments

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

In 2014, CHE connected 2 new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Both connection were connected within the prescribed time frame of five business days. CHE works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

CHE's current ratio declined slightly from 3.14 in 2013 to 3.09 in 2014 and further declined to 2.87 in 2015. The ratio still exceeds the indicator of good financial health.

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

CHE does not have any debts per se however, in accordance with Board policy the utility 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).

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

CHE's current distribution rates were rebased and approved by the OEB in 2014 and include an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

CHE's current ratio is 1.53 which represents a decrease of 7.83% from the above deemed ROE. CHE's actual rate of return for 2015 was 3.07% which creates a deficiency of 3.49% or -\$105,284. As mentioned above, the utility has put several analysis tools in place to ensure that the utility's rate of return is more in lined with the approved rate of return. The utility expects to rebalance its ROE as part of its upcoming Cost of Service.

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