

# Scorecard - Innpower 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	81.20%	95.30%	89.90%	96.40%	97.90%	↑	90.00%	
		Scheduled Appointments Met On Time	60.40%	64.30%	83.00%	94.40%	91.80%	↑	90.00%	
		Telephone Calls Answered On Time	95.80%	74.60%	67.10%	70.60%	80.40%	↓	65.00%	
	Customer Satisfaction	First Contact Resolution				99.006%	98.99			
		Billing Accuracy				99.95%	99.94%	↓	98.00%	
		Customer Satisfaction Survey Results				A	A			
<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					86.00%			
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	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	0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.98	1.34	2.10	4.70	1.47	↑	2.09	2.09
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.12	0.71	0.92	3.14	0.75	↓	1.41	1.41
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In Progress			
	Cost Control	Efficiency Assessment		3	3	3	3			
		Total Cost per Customer <sup>3</sup>	\$695	\$720	\$732	\$761	\$883			
Total Cost per Km of Line <sup>3</sup>		\$13,782	\$13,842	\$14,168	\$14,693	\$17,126				
<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>					14.22%		13.01 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%	
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.61	1.10	0.63	0.41	0.78			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.84	0.93	1.30	2.04	2.03			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.98%	8.98%	8.98%		
			Achieved	8.58%	1.96%	6.70%	5.82%	7.61%		

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>

## Scorecard MD&A - General Overview

2015 for InnPower Corporation (“InnPower”) was an outstanding Performance year as evident from our 2015 Performance Scorecard results. InnPower met and exceeded all performance targets in Service Quality, Customer Satisfaction, Safety, and System Reliability.

Looking forward InnPower balances the “Just in Time” capital investment to ensure that the required infrastructure is in place to support the growth in our service territory while managing aging infrastructure to maintain and improve service reliability for our customers.

In the Public Policy Responsiveness performance outcome, InnPower successfully implemented mandated changes to our customer information and billing system with respect to the DRC (Debt Retirement Charges), OCEB (Ontario Clean Energy Benefit Act) and the OESP (Ontario Electricity Support Program) by December 31, 2015. To mitigate impacts to our most vulnerable customers, InnPower hosted a series of 5 education sessions within the community providing an overview of the January 1, 2016 changes on the bill and instruction /support with OESP applications. The outcome of these outreach sessions resulted in over 1,200 registered OESP recipients on January 1, 2016.

## Service Quality

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

In 2015, InnPower connected a total of 469 low voltage (connections under 750 volts) for residential and small business customers of which 459 were within the five-day timeline as prescribed by the Ontario Energy Board (OEB) for an annual result of 97.90% exceeding the OEB target of 90%. Although there was a 7% reduction in new customer connection since 2014 which was caused by the slowing down of construction due to (1) severe winter weather in the early months of the year, and (2) a trade strike among framers that caused a slowdown of new home construction, it should be noted that since 2011 InnPower’s connection requests for a new service (for a low voltage) have increased steadily by 108%.

InnPower considers “New Services Connected on Time” as an important form of our customer engagement as it is another opportunity to meet and or exceed the customer’s expectations.

- **Scheduled Appointments Met On Time**

InnPower scheduled and completed 388 AM/PM appointments in 2015 to connect services, disconnect services, or otherwise discuss service options requested by customers in which the customer was met on site. Of the 388 appointments, 356 of the appointments were met on time or 91.80%. This exceeds the Ontario Energy Board's prescribed target of 90% for this measure.

Additionally, InnPower scheduled 4,433 customer appointments for work in which the customer had not requested a site meeting. Of the 4,433 scheduled appointments, 4,334 were completed in 5 business days for 97.66%.

Scheduled appointments have increased by 89% since 2012.

- **Telephone Calls Answered On Time**

In 2015 InnPower's customer contact centre agents received over 21,000 calls from its customers – continuing an average of over 80 calls per working day. Customer Service agents answered 80.40% of these calls in 30 seconds or less. This result significantly exceeds the OEB prescribed target of 65% for timely call response. Year over year, the 2015 result amounts to a 13% improvement over 2014 with slightly lower call volumes (volumes were less due to loss of some data in Jan/Feb 2015). Favourable results were driven primarily by continuous training resulting from quality assurance monitoring. Call volumes are attributed to continued customer growth of over 2% in 2015 combined with high bills due to increased commodity rates and weather impacts. A large percentage of calls received were regarding payments, payment arrangements and moving inquiries. In addition, contact centre agents assisted over 6,000 customers at our front desk. Since relocating to our new centralized corporate office in January 2015, we are seeing large volumes of walk in customers.

## Customer Satisfaction

- **First Contact Resolution**

InnPower 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 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.

First Contact Resolution was measured based on agent transactional logged inquiries. For the period January 1, 2015 to December 31, 2015, InnPower logged over 19,000 inquiries and approximately 197 (or 1%) were not resolved on first contact.

InnPower endeavors to use the customer survey results along with customer feedback to identify improvements to help maintain our current positive first contact resolution percentages.

- **Billing Accuracy**

For the period from January 1, 2015 – December 31, 2015 InnPower issued 190,770 bills and achieved a billing accuracy of 99.94%. This compares favorably to

the prescribed OEB target of 98%. Accuracy levels remained consistent regardless of the many staff changes endured for maternity coverages, accomplished through continued training, analysis, streamlining and procedures maintained by InnPower.

InnPower continues to monitor its billing accuracy results and processes monthly to maintain high accuracy.

- **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.

For 2014, InnPower 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. InnPower considers this customer satisfaction survey to be 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. For 2014, InnPower received a rating of “A” on its customer satisfaction survey. InnPower will be expanding our customer engagement/satisfaction process to include transactional and online surveys to obtain customer feedback.

InnPower will be undertaking a customer satisfaction survey in the 4<sup>th</sup> quarter of 2016.

## Safety

- **Public Safety**

- **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.

In March of 2015, InnPower engaged a third-party organization to undertake InnPower’s “Public Awareness of Electrical Safety” survey. Results were based on a telephone survey (Random Digit Dialing) among 400 members of the general public, 18 years of age or older, residing in InnPower’s geographic service territory.

The result of the first year of surveying the public about electrical safety shows that many customers do have good knowledge and or have received information pertaining to the 6 core measurement questions. InnPower’s Public Awareness Index Score is 86%.

At this time there is no set performance target by the OEB for the public awareness of electrical safety. The OEB will establish a performance target once three years of data has been gathered.

- **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 five years, InnPower 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 and 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 2015, InnPower had zero (0) fatalities and zero (0) serious incidents within its territory. InnPower continues to perform site reviews, training to identify potential hazards and communicates findings and recommendations to all staff and the public.

## **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. InnPower views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. InnPower regularly monitors and maintains its distribution system to ensure its level of reliability is kept as high as possible. Outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

For 2015, on average InnPower customers were out of power for 1.47 hours (SAIDI).

- **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 InnPower. As outlined above, outside factors can also greatly impact this measure.

For 2015, on average InnPower customers experienced approximately 0.75 sustained interruption during the year, (SAIFI = 0.75).

## **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 InnPower'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 InnPower'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.

InnPower does not yet have a full distribution system plan in place and will therefore be using its capital asset management plan as a substitute. InnPower will

implement its first full distribution system plan at its next regularly scheduled cost of service application, which is currently scheduled for 2017. At that time, the distribution plan will supersede the current asset management plan.

InnPower manages and monitors the capital planning and asset management process by means of planned versus actual costs. In 2015, InnPower's actual costs versus planned costs were 6.8% higher due to customer growth/demand.

## 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, InnPower was ranked in Group 3 in terms of efficiency, maintaining a consistent efficiency ranking. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of InnPower's capital and operating costs and dividing this cost figure by the total number of customers that InnPower serves. InnPower has experienced increases in its total costs required to deliver quality and reliable services to customers.

The total cost performance result for 2015 is \$883/customer, or a 16% increase over its 2014 result. InnPower's results reflect the capital investment for future growth of the new Operations/Corporate Centre. InnPower is estimating steady customer growth in the territory for the next 25 years. InnPower will manage on going infrastructure investment and maintenance to ensure customer growth exceeds costs growth resulting in a decline of the cost per customer.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. InnPower's cost per km of line is \$17,126. This is a 17% increase over the 2014 rate. The increase is directly related to the capital investment of the new Operations/Corporate Centre. InnPower is anticipating built out growth for its territory for the next 25 years. As this intensification occurs, InnPower will continue to seek solutions to optimize resources and ensure the cost per km of line is competitive within the market.

## Conservation & Demand Management

In 2015 InnPower Corporation entered into the 1<sup>st</sup> year of the Conservation First Framework (CFF) timeframe for 2015 – 2020, transitioning from the previous 2011 – 2014 Conservation and Demand Management Framework. In the CFF framework InnPower Corporation was allocated a 13.01 GWh target to achieve in cumulative energy savings.

InnPower Corporation developed CFF Conservation Plan outlining our plan to achieve the 13.01 GWh target. The CFF Conservation plan was submitted and approved by IESO in May 2016.

- **Net Cumulative Energy Savings**

InnPower achieved a net energy savings of 1.85 GWh in 2015. The 1.85 GWh energy savings represents an achievement of 17.83% over 2015's forecast and 14.22% towards the total CFF target of 13.01 GWh.

## 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 the Generator meeting the requirements outlined in InnPower's Conditions of Service. InnPower has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2015, InnPower had no CIA's presented for design/completion from customers.

- **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, InnPower connected 7 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. InnPower's process for these projects is well documented and InnPower staff work 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)**

InnPower's current ratio increased to .78 in 2015. The strengthen of the current ratio is due to conversion of the short term construction loan for the new Operations/Corporate Centre to long term debt.

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

The OEB has developed a deemed utility 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).

InnPower's 2015 debt to equity ratio has slightly decreased from 2014 due to the accounting of debt repayments. The initial increase in 2014 was due to the debt of the new Operations/Corporate Centre. The new building is designed to service customer demand and territory growth in excess of 25 years in conjunction with the province and municipality's growth planning.

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

InnPower's current distribution rates are approved by the OEB and include a deemed regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the deemed return on equity.

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

InnPower's return on equity achieved in 2015 was 7.61%. InnPower achieved an actual return within the deemed range due to a one-time gain on the disposal of the Commerce Park Operations/Corporate property. 75% of the one-time gain was shared with customers by reducing distribution rates.

## 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.