

Scorecard - Westario Power Inc.

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.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	93.20%	92.00%	91.00%	100.00%	95.40%	↑	90.00%	
		Scheduled Appointments Met On Time	99.40%	98.30%	97.10%	100.00%	100.00%	↑	90.00%	
		Telephone Calls Answered On Time	92.20%	96.00%	75.10%	79.60%	86.60%	↓	65.00%	
	<b>Customer Satisfaction</b>	First Contact Resolution				81.5%	99%			
		Billing Accuracy				99.76%	99.86%	↑	98.00%	
		Customer Satisfaction Survey Results			Generally Satisfied	74%	88%			
<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					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	1	0	1	0	↔	0
	Rate per 10, 100, 1000 km of line		0.000	0.194	0.000	0.194	0.000	↔	0.054	0.054
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	1.44	0.83	2.64	4.76	0.83	↓	2.16	2.16
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.48	0.34	0.65	1.20	0.34	↓	2.37	2.37
	<b>Asset Management</b>	Distribution System Plan Implementation Progress				In Progress	In process			
	<b>Cost Control</b>	Efficiency Assessment		3	3	3	3			
		Total Cost per Customer <sup>3</sup>	\$528	\$508	\$550	\$540	\$550			
		Total Cost per Km of Line <sup>3</sup>	\$22,838	\$22,269	\$24,220	\$23,829	\$24,190			
<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 Cumulative Energy Savings <sup>4</sup>					18.61%		23.01 GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time		0.00%	0.00%	80.00%	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.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.39	1.33	1.37	1.54	1.57			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.67	0.61	0.64	0.70	0.65			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.98%	8.98%	8.98%		
			Achieved	4.34%	7.83%	8.50%	11.90%	8.02%		

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

# 2016 Scorecard Management Discussion and Analysis (“2016 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 2016 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

## Scorecard MD&A - General Overview

- As shown in the 2015 Scorecard; Westario Power 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 significant increase in customer satisfaction. Westario’s investment in technologies has provided greater choice to customers as to how, when and where they can communicate with Westario staff and will continue to provide an appropriate cost effective platform for customer interactions.

While adverse weather conditions can negatively impact the distribution system, Westario’s continued efforts to maintain vegetation and proactively maintain and replace equipment has had a positive effect on our operational effectiveness.

Westario continues to be a financially sound and operationally efficient LDC, and will continue its efforts to ensure a superior level of service and reliability to our customers.

## Service Quality

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

In 2015 Westario connected 95.4% of 130 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”). While slightly down from last year, the connections surpass the OEB standard of 90%; and is above the previous four year average of 94.05%. Westario continues to focus on providing superior customer service including these connection activities.

- **Scheduled Appointments Met On Time**

Westario scheduled 4,962 appointments with its customers in 2015 to complete customer requested works; with meeting the customer 100% of the time. Through its customer focus and training, Westario exceeds the OEB standard of 90%.

- **Telephone Calls Answered On Time**

In 2015 the Customer Service Department achieved an increase over 2014's 79.6% to 86.6% for the contact centre agents answering telephone calls within 30 seconds. The call centre received 24,234 calls throughout the year and exceeded the OEB target of 65%. 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 move ins/outs, e-billing, frequently asked questions and emails. These efforts provide information in a way that allows for customer choice and will continue a more cost effective and consumer centric approach.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurement have not been defined across the industry. The OEB instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 in order that information could 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 measures 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 has measured First Contact Resolution based on the outcome of the initial contact via telephone. No further action was required on 99% of initial contact made by customers, reflecting an increase over 81.5% in 2014. Westario continues to review its processes and find ways to further enhance the customer experience.

- **Billing Accuracy**

An accurate bill is defined as a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill. Westario issued approximately 269,000 bills in 2015 achieving a billing accuracy of 99.86%, slightly improved from 2014; and exceeding the OEB prescribed target of 98%.

- **Customer Satisfaction Survey Results**

Westario retained the services of an independent third party to conduct a bi-annual Customer Engagement Survey via telephone and further engage our customers through 3 separate Focus Groups. The primary objective of these studies is to provide a quantitative measurement of customer perceptions and attitudes. Specifically, the study sought to determine overall satisfaction with the quality of service provided by Westario Power, determine overall satisfaction with the reliability of the service provided, assess customers' satisfaction with the quality of customer service, assess customers' perceptions of operating and capital expenditures; and be provided customer feedback on areas where improvement can be made.

Westario Power's 2015 Customer Satisfaction Study showed a significant increase to 88% overall satisfaction compared to 74% in 2014. Westario Power's overall quality of service at 88% is on par with the provincial average. Westario continues to train staff in providing the highest levels of professionalism and service to translate into a more positive customer experience.

## Safety

- **Public 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. Westario contracted the services of an independent third party to conduct a telephone survey which measured an 86% score on Public Awareness. Westario will continue its efforts in educating the public about electrical safety in an effort to improve electrical safety awareness and eliminate potential electrical incidents.

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

Through Westario's 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 and reliability remains a core attribute of Westario as it delivers power to its customers.

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

Westario did not have any serious electrical incidents in 2015. The incidents in each of 2012 and 2014 were incidents involving members of the public not adhering to the respective electricity safety codes when in proximity to Westario's distribution system. Westario endeavors to provide safety information and outlining the dangers that all customer need to be aware of prior to working around power lines and equipment. This includes calling our office, obtaining locates prior to digging, and obtaining references to respective codes. All information is provided free of charge to members of the public and all other interested parties. Westario continues to strive to communicate on safety throughout out distribution system through various methods including safety orientations, on-line, and telephone.

## System Reliability

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

In 2015, Westario experienced a significant decrease in the number of hours that power was interrupted for our customers. Westario

undertakes a number of programs including tree trimming, ongoing preventative maintenance and capital upgrades to the distribution system which has resulted in fewer outages, and outages that have taken less time to restore. Westario continues to focus its efforts on the above programs to ensure a safe and reliable distribution system for our customers.

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

Similar to the statistic noted above, the number of times that power to a customer was interrupted saw a significant decrease in 2015 for reasons as stated above.

## Asset Management

- **Distribution System Plan Implementation Progress**

Westario plans to file an application with the Ontario Energy Board for a full review of its distribution rates effective May 1, 2017. Accordingly, Westario has completed a Distribution System Plan that will be filed with its 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 EOB to produce a single efficiency ranking. Westario for the fourth year has 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 of the distribution system.

- **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 achieved a Total Cost per Customer of \$550, a slight increase of \$10 (1.85%) from the previous year. Westario continues to monitor and manage its cost structure to balance the cost effectiveness while ensuring the reliability and safety of the distribution system.

- **Total Cost per Km of Line**

Westario achieved a total cost per km of line of \$24,190; resulting in an increase of 1.49% over 2014. As noted above, Westario continues to operate and maintain the distribution system in a most cost effective manner, while ensuring capital investments are undertaken in a manner to maximize both safety and reliability for its customers.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Westario's participation in 2015 CDM activities has resulted in the accumulation of formidable total energy savings by year end. To date, an estimated total of 4,282 MWh in energy savings has been realized for 2015, representing an impressive 129% of 2015's target.

Looking ahead to portfolio delivery activities in 2016, Westario continues to support the Retrofit applications that are driving overall portfolio savings. In addition, in 2016 Westario launched a pilot project called "HEAPP" which provides residential customers with the opportunity to have energy-saving devices installed in their home, free of charge as a replacement option for existing inefficient products, to help reduce overall home energy consumption. Unlike the Home Assistance Program (HAP) that requires income verification before an upgrade to a home can be made, HEAPP is offering all residential customers without natural gas availability the option to participate.

Westario will continue to provide a suite of energy savings programs and initiatives that are offered by the IESO as well as the HEAPP pilot project noted above in an effort to meet its' 2015-2020 Net Cumulative Energy Savings target of 23.01 GWh. Westario expects 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.

## 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 2015, Westario completed CIAs for the two requests that were received within the 60 day timeframe.

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

In 2015 Westario connected four new micro-embedded generation facilities (microFIT projects of less than 10kW) 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 projects are connected safely and within the prescribed time frame.

## Financial Ratios

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

Westario's 2015 results reflect a solid 1.57 Current Ratio which exceeds the ratio over the last 5 years. 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's 2015 leverage ratio of Total Debt decreased to 0.65 over 2014's ratio of 0.70. This reduction reflects Westario's ability to operate and maintain a safe and reliable distribution system as well as fund new capital projects.

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

Westario's current distribution rates were approved by the Ontario Energy Board 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 earned a return of equity of 8.02% in 2015; which is down from 11.9% in 2014. The regulatory return on equity remained within the +/- 3% of the deemed regulatory return on equity. Westario has achieved an average return on equity of 8.12% over the last five years; reflecting stable earnings to support the operations and re-investment in the distribution assets, while maintaining a customer focused operation that is safe and reliable.

## 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.