

Scorecard - Atikokan Hydro Inc.

9/24/2017

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	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%		90.00%		
		Scheduled Appointments Met On Time	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			95%	100	100				
		Billing Accuracy			100.00%	99.98%	99.98%		98.00%		
		Customer Satisfaction Survey Results			Favourable	Favorable	Favourable				
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				82.00%	82.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	NI	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	0.30	3.43	0.37	0.13	1.01			0.83	
		Average Number of Times that Power to a Customer is Interrupted ²	0.47	1.12	0.09	0.03	0.22			0.37	
	Asset Management	Distribution System Plan Implementation Progress			On Track	on Target	Completed				
	Cost Control	Efficiency Assessment	4	4	4	3	3				
Total Cost per Customer ³		\$1,057	\$908	\$800	\$936	\$974					
Total Cost per Km of Line ³		\$19,069	\$16,430	\$14,459	\$16,810	\$17,357					
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				9.63%	26.45%			1.14 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.15	1.39	1.35	1.41	1.69				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	4.93	0.38	0.32	0.25	0.20				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	9.12%	9.12%	9.12%			
			Achieved	-2.52%	11.28%	28.33%	13.14%	2.73%			

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.

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

- In 2016, Atikokan Hydro (“Atikokan”) mainly performed well in all areas of the scorecard.
- Atikokan Hydro met or exceeded all performance objectives with the exception of its deemed Return on Equity and the average number of hours that power to a customer is interrupted was slightly above the industry target, unfavorably for the residents of Atikokan. Atikokan Hydro continues to strive to meet or exceed its scorecard performance and maintain reliability of supply to its customers with minimal interruptions.
- As general feedback from customers, Atikokan Hydro customers are primarily concerned with the cost of power and their total electricity bill and reliability. Atikokan Hydro strives to minimize the cost per customer impacts. Similar to other LDC’s, aging infrastructure and a decline in customer count continues to be a challenge for the utility but must be maintained for safety and reliable supply of electricity to those serviced by Atikokan Hydro.
- Atikokan Hydro continues to participate and offer CDM programs to its customers in efforts to not only meet its set targeted kWh Conservation Demand Management savings but for customers to reduce the amount of power consumed in order to save on their electricity bill.

Service Quality

- **New Residential/Small Business Services Connected on Time**
Utility’s must 90% of the time connect new services for customers within five working days once all conditions of service are met; Atikokan Hydro performs connections 100% of the time on time. This exceeds the Industry target. Atikokan Hydro takes pride in its ability to honor customer requests for connections. Due to the small size of the LDC, office staff directly engage with the outside crew and are aware of their schedules and abilities to complete work order requests. Historically Atikokan Hydro does not have a lot of new connection requests but performs the same service quality for all connection requests including disconnect/reconnects for electrical upgrades, or seasonal reconnections.

- **Scheduled Appointments Met On Time**

For 2016, Atikokan Hydro had no appointments scheduled; thereby, 2016 no measure was reported. However, historically Atikokan Hydro meets 100% of its scheduled appointments on time. This exceeds the Industry target of 90% Atikokan Hydro strongly believes that our customer's time is very important and should be respected by meeting all scheduled appointments on time.

- **Telephone Calls Answered On Time**

The Ontario Energy Boards target for answering telephone calls on time is 65%; however, Atikokan Hydro exceeds this with answering 100% of calls on time and has historically been consistent. These statistics are manually logged. Atikokan Hydro has two incoming telephone lines and typically three staff are in the office to ensure incoming calls are answered in a targeted manner. Again this demonstrates Atikokan Hydro's focus on customers and excelling in service quality.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a measure of a distributor's effectiveness at satisfactory addressing customer's complaints. This measure was added in 2014; the OEB has permitted distributors discretion on how this measure is reported. Based on the 2016 Scorecard Atikokan Hydro resolves 100% of customer contact first time and does not require referral to management for resolution.

- **Billing Accuracy**

The OEB Industry target for billing accuracy is 98%; Atikokan exceeds this with 99.98% billing accuracy for 2016. Atikokan has internal controls in place for verification of bills prior to releasing the bills to its customers.

- **Customer Satisfaction Survey Results**

Atikokan Hydro has had a portion of the bill dedicated to customer to have the ability to express their satisfaction or dissatisfaction with Atikokan Hydro or make comments. Atikokan Hydro did not have customers respond to this feature during 2016 and for this reason has interpreted this as favorable. Atikokan Hydro participated in its first customer satisfaction survey early in 2016. Overall of the customers that participated, results showed 97% satisfied with the services provided by Atikokan Hydro. Atikokan was pleased with the results.

Safety

- **Public Safety**

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

The Public Awareness of Electrical Safety component of the public safety measure is expected 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. Distributors are expected to demonstrate the impact of their public education efforts through biannual surveying of adults residing in their territory. Atikokan Hydro hired UtilityPulse to conduct a survey to determine Atikokan Hydro's Public safety Awareness. The survey was performed quarter 1 of 2016; the telephone survey results indicated an index score of 82%. Atikokan Hydro is pleased with the level of knowledge and awareness of the public on electrical safety.

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

Atikokan Hydro takes compliance issues with the Ontario Regulation 22/04 very seriously and strives to ensure that all aspects of Regulation 22/04 are met. Any needs improvement notations from the annual audit are implemented as soon as possible. The regulation establishes safety requirements and objectives for design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Atikokan Hydro was compliant with the Ontario Regulation 22/04 for 2016 and the historical years 2010 through 2016 with the exception of 2013 with a needs improvement.

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

Atikokan Hydro is pleased to report zero serious electrical incidents and as the 2016 Scorecard indicates for the years prior to this as well. Atikokan Hydro believes safety of both staff and the public to be of the highest importance. The results received from the ESA for 2016 Scorecard reporting and historical years are as follows:

Results					Target
Year	Number of Incidents	km of Line	Rate Default Value	Serious Incident Index	Serious Incident Index
2016	0	92	10	0.000	0.000
2015	0	92	10	0.000	0.000
2014	0	92	10	0.000	0.000
2013	0	92	10	0.000	0.000
2012	0	92	10	0.000	0.000
2011	0	92	10	0.000	0.000

System Reliability

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

The average hours that power is interrupted is a measure of system reliability.

It is determined by dividing the total monthly duration of all interruptions experienced by all customers (excluding interruptions caused by Loss of Supply events), in hours, by the average number of customers served.

The measure for 2016 is 1.01. Atikokan Hydro is continually performing capital upgrades and maintenance on its distribution infrastructure to improve and maintain reliability to its customers. Atikokan Hydro's distributor target by the OEB is 0.83. The lower the reliability figure, the better the utility has performed compared to the target. Atikokan fell short of this measure for 2016 but it should be noted most of the outages were planned outages for upgrades for the safety of the public and employees.

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

The average number of times that power to a customer is interrupted is a system reliability measure. It is determined by dividing the total number of interruptions experienced by all customers (excluding interruptions caused by Loss of Supply events), by the average number of customers served. The measure for 2016 is calculated as 0.22 which is less than the distributor target of 0.37. This measure results in a favorable outcome for Atikokan Hydro customers.

Asset Management

- **Distribution System Plan Implementation Progress**

Atikokan Hydro Inc. submitted its Distribution System Plan with its 2017 Cost of Service Rate Application; October of 2016. This Distribution System Plan is for the period of 2017 through 2021.

Cost Control

- **Efficiency Assessment**

The total cost and efficiency ranking was developed by Pacific Energy Group (PEG), an independent third party consultant of the OEB. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. Similar to 2015; In 2016 Atikokan Hydro was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered "average efficiency" - in other words Atikokan Hydro's costs are within the average cost range for distributors in the Province of Ontario. This 2016 grouping in group 3 is an improvement for Atikokan Hydro from the year 2014 whereby Atikokan fell within Group 4 with actual costs 10-25% of predicted costs. Atikokan Hydro is continually striving to become more efficient.

- **Total Cost per Customer**

Atikokan Hydro's total cost per customer for 2016 is \$974. This is calculated by the sum of Atikokan Hydro's capital and operating costs divided by the total number of Atikokan Hydro's customers. Atikokan reported a total of 1639 customers for 2016. The total cost per customer has increased over the past few years; while total costs have increased, Atikokan Hydro's total customer base has a trend of decline year over year. An increased customer base would lower the total cost per customer. Atikokan has been heavily investing in its aging infrastructures which drives up the cost per customer. The expenditures are necessary to ensure safe and reliable supply of electricity.

- **Total Cost per Km of Line**

Atikokan Hydro's total cost per Km of Line for 2016 is \$17,357. This measure is calculated as the sum of capital and operating costs divided by the number of kilometers of line the utility operates to serve its customers. Atikokan has a total of 92 Km of line. Some of Atikokan Hydro's lines are in rugged and thick bush terrain with minimal access points. As a result of the challenging area, greater costs to maintain these lines are incurred.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Atikokan Hydro in collaboration with the Northwest Group (Thunder Bay Hydro Electricity Distribution, Fort Frances Power Corp., Kenora Hydro and Sioux Lookout Hydro) received approval for its joint 2015-2020 Conservation plan. Atikokan Hydro's allocated target is 1,140,000 kWh. 2016 Results report Atikokan Hydro has met 26.45% of its target. Atikokan Hydro will continue all efforts and resources in offering Conservation & Demand Management (CDM) programs in efforts to achieve its CDM target. Atikokan Hydro did not meet its target for the 2011-2014 CDM framework due to various barriers but optimistic Atikokan Hydro will meet the new target with some measures in place addressing these previous framework barriers including collaborating in hiring an Regional Energy Manager with the Northwest Group in efforts to meet the targets.

Connection of Renewable Generation

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

Atikokan Hydro did not have any renewable generation impact assessments to consider.

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

Atikokan did not have any new Micro-embedded Generation Facilities connected during 2016; however, based on previous connections and Atikokan Hydro's practices, all connection requests are completed within the prescribed time frame of five business days.

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. Atikokan Hydro’s Current Ratio was 1.69 for year ending December 31, 2016.

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

The OEB uses a deemed capital structure of 60% debt and 40% equity or a ratio of 1.5 (60/40) for rate setting purposes. A high debt to equity ratio indicates a distributor may have difficulty generating cash flows to make its debt payments. Atikokan Hydro has significantly improved its debt to equity ratio over the last few years; continuing to pay back its borrowed debt but further converting its debt with its Shareholder, to equity. For 2016, Atikokan Hydro’s debt to equity was 20% debt and 80% equity. In the past Atikokan has had to borrow for implementation of smart meters and funding capital upgrades to the distribution system. Atikokan did not take on any additional debt in 2016 and the debt to equity ratio reflects Atikokan has been paying down the principal debt owed.

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

Atikokan Hydro’s current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) Regulatory Return on Equity of 9.12%. The deemed Return on Equity was approved in Atikokan Hydro’s last cost of service rate application for 2012 rates in decision EB- 2011-0293. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor’s revenues and costs structure by the OEB.

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

Atikokan Hydro’s actual achieved Return on Equity for 2016 was 2.73%; thereby, below the allowable 3% dead band.

The main driver in the under earnings below the deemed and allowable return on equity was Operation, Maintenance and Administration (OM&A) expenses were greater than the 2012 Board Approved OM&A in Atikokan Hydro’s last Cost of Service Rate Application. Atikokan Hydro filed a Cost of Service Rate Application fall of 2016 to realign its Return on Equity and the cost allocation among customer classes.

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.