

Scorecard - Bluewater Power Distribution Corporation

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	90.40%	92.20%	94.20%	98.00%	98.30%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	99.80%	100.00%	99.60%	↓	90.00%		
		Telephone Calls Answered On Time	79.80%	77.00%	73.10%	75.60%	69.10%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution			99.1%	99.86%	99.93%				
		Billing Accuracy			99.92%	99.94%	99.96%	↑	98.00%		
		Customer Satisfaction Survey Results			74% Good	74% Good	73.5				
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				81.90%	81.90%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	NI	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	1.81	1.82	0.89	2.16	1.38	↓		1.76	
		Average Number of Times that Power to a Customer is Interrupted ²	3.04	1.48	0.68	1.64	1.38	↓		1.94	
	Asset Management	Distribution System Plan Implementation Progress			95%	Above budget	Above budget				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
Total Cost per Customer ³		\$624	\$646	\$637	\$664	\$685					
Total Cost per Km of Line ³		\$28,058	\$29,017	\$29,216	\$30,709	\$32,211					
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				12.43%	21.80%			62.37 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%		100.00%				
		New Micro-embedded Generation Facilities Connected On Time		100.00%	87.50%	100.00%	96.43%	↑	90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.62	1.66	1.49	1.28	1.43				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.12	1.01	0.92	0.85	0.82				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.98%	8.98%	8.98%	8.98%			
			Achieved	9.70%	11.40%	10.17%	11.83%	11.86%			

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](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

- Bluewater Power is pleased to report on its Scorecard results for 2016. Bluewater Power serves over 36,000 customers throughout six Municipalities in Lambton County and we serve our customers in the most efficient and reliable way possible every day. The Ontario Energy Board (“OEB”) has determined that the measures below are important for distributors to report on, and the measures touch on all aspects of our service requirements.

Service Quality

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

Distributors must connect a new service for a customer within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2016, Bluewater Power connected 474 of the 482 new services or 98.3% within the five day time frame.

- **Scheduled Appointments Met On Time**

For appointments required during Bluewater Power’s regular business hours, we must offer a window of time that is not more than four hours long, and must arrive within that window 90% of the time. Bluewater Power met that requirement 99.6% of the time in 2016.

- **Telephone Calls Answered On Time**

During Bluewater Power’s regular call center hours, we must answer phone calls within 30 seconds of receiving the call, 65% of the time. Bluewater Power received over 48,000 phone calls during 2016 which is an increase of 7.3% over the number of calls in 2015, and 69.1% of the time they were answered within 30 seconds. Bluewater Power strives to manage the phone calls in an efficient manner, and to be able to handle unforeseen events such as extreme weather, legislative changes, and new business practices within existing staffing levels.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a measure of how effective a distributor is at meeting a customer's needs the first time the utility is contacted. The OEB has not mandated how this measure is to be calculated, therefore there will be many different ways and different values presented by utilities. In Bluewater Power's case, an indicator is included on a customer record to track any instances where a customer seeks a higher level of management in order to address their concern. The end result is that Bluewater Power successfully addressed 99.93% of customer's questions and concerns at the first contact.

- **Billing Accuracy**

The Ontario Energy Board prescribed a measurement of billing accuracy which must be used by all distributors. Bluewater Power issued over 255,000 bills during 2016, and 99.96% of them were issued correctly which exceeds the minimum requirement of 98%.

- **Customer Satisfaction Survey Results**

Distributors are required to report on customer satisfaction results at least every other year. In March 2017, Bluewater Power hired a third party consultant to perform a telephone based customer satisfaction poll. 360 residential customers and 40 commercial customers were surveyed during a two week period. The poll surveyed subjects such as reliability of service, accuracy of bills, bill payment options, customer service experience, communications and overall satisfaction. The resulting overall satisfaction was 73.5%

Safety

- **Public Safety**

The Ontario Energy Board introduced the Public 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 data for the Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components as outlined below.

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

The public awareness component is expected to measure the level of awareness of key electrical safety precautions among public within the distributors service territory. A standard survey across the province was implemented in early 2016, and Bluewater Power customers have an 81.9% awareness of electrical safety based on survey results. The survey is required to be completed every two years with the next one scheduled for 2018.

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

Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before the assets are put into service. The regulation is monitored through an audit of compliance. There are 3 levels assessed: Non-compliance (NC), Needs Improvement (NI), and Compliant (C). At Bluewater Power, safety of both the public and employees is paramount; Bluewater Power is pleased to have received a 'Compliant' rating for 2016.

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

This index measures the number and rate of serious electrical incidents occurring on a distributor's assets affecting the public, and is normalized per km of line. Bluewater Power has had zero serious electrical incidents involving the public over the last five years.

System Reliability

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

An important feature of a reliable distribution system is recovering from power outages as quickly as possible. Bluewater Power must track the average length of time, in hours, that its customers have experienced a power outage over the past year. This is calculated as the number of total hours of power interruptions divided by the average number of customers served within a year. The 2016 result is 1.38 hours per customer, meaning in 2016 the average customer experienced approximately 1.38 hours of interruption for the year. The 2016 result is lower than 2015 which is a positive trend, and is primarily driven by fewer severe weather incidents that can negatively affect both our system, and our supply of power from Hydro One.

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

Another important feature of a reliable distribution system is reducing the frequency of power outages, thus Bluewater Power must track the number of times its customers have experienced a power outage in the last year. This is calculated as the number of interruptions divided by the average number of customers served within a year. The 2016 result is 1.38 meaning the average customer experienced just over one outage during the year. The value in 2016 is lower than prior years again primarily related to the favorable weather conditions we experienced in 2016.

Asset Management

- **Distribution System Plan Implementation Progress**

Bluewater Power undergoes a rigorous planning process each year to establish the amount of asset maintenance and asset replacement that is warranted in order to have a safe, reliable distribution system. Each utility uses a different way to assess whether their work is 'on track' with their plans. Bluewater Power categorizes each capital project based on high, medium or 'other', mainly based on the specific project's impact on system reliability. In 2016, Bluewater Power had 12 projects in the high priority category budgeted at approximately \$1.7 million. Bluewater Power focuses on these high priority projects as they typically relate to improvements in system reliability. In 2016, we exceeded the budget allocated to the high priority projects which was due to the discovery of a large number of deteriorated wooden poles. The remaining capital projects are completed based on priority and Bluewater Power is continually balancing resources to focus on completing capital projects as planned.

Cost Control

- **Efficiency Assessment**

Bluewater Power must manage its costs successfully in order to assure its customers they are receiving value for the cost of the service they receive. The 'total costs' are calculated as the sum of capital cost and operations and maintenance costs, including certain adjustments to make the costs more comparable between distributors. These total costs are evaluated to produce a single 'efficiency' ranking for each utility. The ranking is based on how big the difference is between each utility's actual and predicted cost as determined by a study undertaken by the Ontario Energy Board. Utilities whose actual costs are lower than predicted costs are considered more efficient and are assigned to Group 1 or Group 2. Utilities that are considered average performers will be assigned to Group 3, and utilities whose actual costs are higher than predicted costs will be assigned to Group 4 or 5. Bluewater Power is in the middle ranking (Efficiency Assessment = 3) of five groups which means our actual costs are close (+/-10%) to what was predicted by the study.

- **Total Cost per Customer**

A somewhat simple measure that can be used to compare utilities is the Total cost per customer. Bluewater Power's cost per customer in 2016 is \$685 which is in the middle range of all distributors.

- **Total Cost per Km of Line**

Similar to the Total Cost per Customer noted above, another simple measure is the utilities Total Cost per km of line. Bluewater Power's cost per km of line is \$32,211 which is slightly higher than average, however it reflects the greater level of investments in capital structures within our service territory.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

All distributors in the Province implement conservation and demand management programs for its customers in order to help them reduce energy usage. Bluewater Power completed the second year in a six year (2015-2020) program which promotes savings to all customer groups from residential customers to our largest industrial customers. Given that 2016 was the second year of the 'save on energy' program, savings continued to increase. Bluewater Power has a target that the end of 2020 to achieve 62.4 GWh of energy savings. In 2016, we achieved Net Cumulative Energy Savings of 5.6 GWh for a 2 year total of 13.6 GWh or 21.8% of the 6 year target. We are comfortable with the pace of progress we are building towards achieving our Target by the year 2020.

Connection of Renewable Generation

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

All distributors must complete a connection impact assessment for a renewable generator within 10 days. A connection impact assessment determines whether our current system can accept the level of generation requested and determines what additional assets may be required. Bluewater Power has achieved the required timeline 100% of the time for the last 5 years.

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

All distributors must connect smaller generators (< 10 kW) such as rooftop solar panels, within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2016, Bluewater Power connected 27 of 28 micro-embedded facilities within the timeline which represents 96.43%.

Financial Ratios

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

The current ratio measures whether or not the utility has enough resources (assets) to pay its debts (liabilities) over the next 12 months. Bluewater Power's current ratio for 2016 is 1.43 which is a favorable value.

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

This ratio measures the degree to which the utility is leveraging itself through its use of borrowed money. Bluewater Power's debt to equity ratio for 2016 is 0.82. This is slightly lower than the previous 4 years due to the growth in retained earnings being higher than the reduction in overall debt.

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

Return on Equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the Ontario Energy Board. The deemed rate allowed for Bluewater Power is 8.98%. The Ontario Energy Board 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.

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

The achieved rate indicates the utility's actual Return on Equity earned each year. In 2016, Bluewater Power earned a return on equity of 11.86% which is within the allowed range of +/-3 % of the deemed return on equity. Bluewater Power is proud of its financial results and the ROE is a result of continually balancing costs with productivity savings.

Note to Readers of 2016 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.