

Scorecard - Brantford Power 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	99.60%	99.70%	100.00%	99.50%	99.70%		90.00%		
		Scheduled Appointments Met On Time	99.50%	100.00%	100.00%	99.70%	99.80%		90.00%		
		Telephone Calls Answered On Time	64.70%	67.50%	76.90%	75.30%	67.10%		65.00%		
	Customer Satisfaction	First Contact Resolution			82%	82.75	84.20%				
		Billing Accuracy			100.00%	99.94%	99.89%		98.00%		
		Customer Satisfaction Survey Results			95%	94	94%				
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				81.00%	81.00%				
		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	0.21	0.40	0.42	0.51	0.45			0.33	
		Average Number of Times that Power to a Customer is Interrupted ²	0.81	0.63	0.66	0.99	1.24			0.73	
	Asset Management	Distribution System Plan Implementation Progress			87.4%	80.9	85.1%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$496	\$507	\$503	\$512	\$528				
Total Cost per Km of Line ³		\$37,066	\$39,373	\$39,047	\$40,235	\$41,385					
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				13.73%	35.74%			54.32 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time		100.00%	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)	2.15	2.05	1.92	1.99	2.16				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.30	1.20	1.11	1.03	0.96				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.57%	8.98%	8.98%	8.98%	8.98%			
			Achieved	3.20%	11.60%	11.15%	11.06%	6.53%			

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.

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_Performance_Measure_Descriptions.pdf)

Scorecard MD&A - General Overview

In 2016, Brantford Power Inc. (“Brantford Power”) exceeded all performance targets with the exception of its two system reliability measures. 2016 is the third year that Brantford Power has reported on its customer satisfaction measures. The results in this performance category exceed the industry performance targets and were consistent with the 2015 results.

Brantford Power strives to maintain or improve its overall scorecard performance by monitoring key performance measures throughout the year and addressing issues as they arise. Brantford Power plans to undertake initiatives which will mitigate risks, allowing continued delivery of the current performance levels.

Customers are encouraged to review the specific commentary on each of the reported performance categories outlined on the Scorecard in order to obtain further information on the particular measures. Brantford Power welcomes any customer feedback regarding its 2016 Scorecard.

Service Quality

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

In 2016, Brantford Power connected 99.70% or 275 of 276 eligible low-voltage customers (i.e. those utilizing connections under 750 volts), to its distribution system within the 5-day timeline prescribed by the Ontario Energy Board (“OEB”). The result is relatively consistent with the previous year. Brantford Power’s ability to meet customer expectations is attributed to the diligent coordination of Brantford Power’s engineering, construction, and operations teams with the local municipality, developers and contractors.

- **Scheduled Appointments Met On Time**

Brantford Power scheduled 1088 appointments in 2016 to complete work requested by its customers, including connection and reconnection of services, inspections, and meter reading. The vast majority of those commitments 1086 or 99.82% -were met within the required timelines. In keeping with customer expectations, Brantford Power exceeded the industry target of 90% again this year.

- **Telephone Calls Answered On Time**

Brantford Power's customer service group handled 37,736 calls in 2016, over 67% of which were answered within 30 seconds. The outcome exceeds the prescribed target of 65% and represents a year-over-year decrease. This decline is attributable to three main factors: an increase in customer inquiries regarding high bills during an extremely hot summer, a related increase in the number of reminder notices issued for delinquent accounts and staff turnover. This turnover was accompanied by an extended recruitment cycle to ensure all vacancies were filled by qualified personnel.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution can be measured in a variety of ways. For Brantford Power, the first contact resolution result of 84.20% was derived from a third-party random survey of 600 customers who had contact with Brantford Power between January and December 2016. The result indicates that a majority of customers responded favourably when asked whether their specific question or issue was resolved during their initial contact with Brantford Power's customer service group, and represents a slight year-over-year increase against the 2014 and 2015 performance levels.

- **Billing Accuracy**

The OEB prescribed a measurement of billing accuracy which has been applied by all electricity distributors since October 1, 2014.

For the period of January 1 to December 31, 2016, Brantford Power issued 475,078 bills and achieved a billing accuracy result of 99.89%, exceeding the OEB's prescribed target of 98%.

- **Customer Satisfaction Survey Results**

The OEB introduced the Customer Satisfaction Survey Results measure beginning in 2013, however, at this time, there are no commonly defined measures, and distributors have been afforded discretion as to how they implement this requirement. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. Since July 2015, Brantford Power has been measuring customer satisfaction with a leading market research organization, conducting a customer satisfaction survey with questions focused on key areas identified by both the OEB and Brantford Power; power quality and reliability, price, billing and payment, communications, customer service experience, and brand image. Consistent with the OEB requirement, Brantford Power did not conduct a new Customer Satisfaction Survey in 2016, and has reported the 2015 survey results.

In 2015, the "Top 3-Box" overall satisfaction result of 94% was derived from a 5-point scale survey of 500 residential and 100 business customers who were asked to provide a rating ranging from 1 (not at all satisfied) to a rating of 5 (very satisfied) on each key area. The survey, conducted by an independent third party in September 2015, has proven valuable in identifying both customer preferences and opportunities for improvement, many of which have been incorporated into Brantford Power's distribution system planning activities. Brantford Power intends to complete its next survey in 2017, using the OEB's proposed standardized survey tool and methodology, and until then, will continue to survey a sample of 50 customers per month who have made contact with the distributor to monitor satisfaction on a regular and ongoing basis.

Safety

Public Safety

The Ontario Energy Board (OEB) introduced the safety measure in 2015. This measure looks at safety from a customer's point of view as safety of the distribution system is a high priority. The safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

- *Component A – Public Awareness of Electrical Safety*

The Public Awareness of Electrical Safety component of this measure was introduced for the 2015 scorecard. Similar to Customer Satisfaction Survey, the OEB requires Public Awareness of Electrical Safety to be measured at least every two years. Brantford Power surveyed its customers in February and March 2016, and has reported these results for 2015 and 2016. Randomly selected residents in Brantford Power's service area scored 81% on their awareness of electrical safety. These results are consistent with the provincial average performance for Electricity Distributors. Brantford Power is committed to improving the public's awareness of electrical safety through a number of channels: we are a sponsor of the Children's Safety Village of Brant, and provide educational materials related to electrical safety. We also promote electrical safety to the public through our website and host annual safety seminars for local contractors and businesses at high risk of powerline contact.

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

Over the past five years, Brantford Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved through a strong commitment to safety, and adherence to company procedures and policies. Ontario Regulation 22/04- *Electrical Distribution Safety* establishes objective-based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

- *Component C - Serious Electrical Incident Index*

Over the past five years, Brantford Power has recorded zero serious electrical incidents. Brantford Power owns and maintains over 500 km of high voltage distribution feeders in the City of Brantford. Brantford Power runs an annual powerline safety seminar directed at the local construction industry employers that are indirectly working around electricity at their job sites.

System Reliability

On average, a Brantford Power customer experienced 27 minutes of outage during 2016, representing a decrease as compared to 2015, but a result higher than the target value for the year. The main causes of the outages that lead to hours of interruption were weather-related, either due to freezing rain or lightning.

Compared to 2015, Brantford Power customers experienced an increase in the average number of times that power was interrupted in 2016. On average, a customer experienced fewer than 2 interruptions during 2016 - higher than the target value for the year. The main causes were weather-related, with other causes including animal contact with the power distribution lines and equipment failure.

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

The number of interruption hours decreased to an average of 0.45 outage hours per customer compared to Brantford Power's 2015 performance.

The OEB's target for outage statistics is Brantford Power's own 2010 to 2014 average outage performance. Brantford Power's 2016 results represent an increase over that target average of 0.33; however, the performance result in this category is well below the 2015 provincial average of 1.72 hours of interruption.

Brantford Power continues to view reliability of electricity service as a high priority for its customers and, as such, has identified a number of initiatives expected to reduce the number of interruption hours in coming years. Specifically, Brantford Power will install smart fault indicators reporting to our SCADA system remotely to reduce the time required to locate faults. Brantford Power also plans to install additional automated reclose switches to enable automatic isolation of faulted sections of feeders. Additionally, the planned implementation of an outage management system will improve internal and external communications during outages.

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

The number of times that power is interrupted increased to an average of 1.24 outages per customer compared to Brantford Power's 2015 performance.

The OEB's target for outage statistics is Brantford Power's own 2010 to 2014 average outage performance. Brantford Power's 2016 results represent an increase over that target average of 0.73; however Brantford Power's performance is consistent with the 2015 provincial average performance of 1.12, as the average customer throughout the province experienced between one to two interruptions per year.

Brantford Power has identified initiatives that are expected to reduce the frequency of outages experienced by its customers. Specifically, Brantford Power will install equipment on its longer feeders to improve voltage sags, install additional automated reclose switches to reduce the number of customers impacted by faults on a feeder, and install an outage management system to improve internal and external communications during outages.

Asset Management

- **Distribution System Plan Implementation Progress**

Brantford Power filed an application with the OEB for a full review of its rates effective January 1, 2017. As part of this application, Brantford Power filed a Distribution System Plan (DSP) covering the forecast period of 2017 to 2021.

Brantford Power currently measures its Asset Management performance based on the five-year average of its capital expenditures relative to its capital budget. Brantford Power has reported an average of 85.1% completion of its capital budget expenditures. This is an increase of more than 4% from the 2015 average, resulting from Brantford Power's increased monitoring of its capital spending.

Brantford Power has excluded certain unusual and uncertain material projects from its internal budget which did not materialize, specifically the purchase of a new facility and a large capital contribution for an upstream system upgrade.

Brantford Power acknowledges that this number does not represent implementation of a DSP. Brantford Power has proposed an updated methodology for measuring Distribution System Plan Implementation Progress, which we will report against beginning with the 2017 Scorecard (released in 2018). The annual targets Brantford Power is proposing represent the cumulative spending for each year in the DSP. We will compare the actual cumulative spending during its DSP period against these annual targets.

Brantford Power is also aware of the OEB's intent to create a uniform methodology for distributors to measure their distribution system plan implementation, and will apply this methodology when it is available.

Cost Control

- **Efficiency Assessment**

Electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2016, for the fourth year in a row, Brantford Power 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, Brantford Power's costs are within the average cost range for distributors in the Province of Ontario. In the 2016 report (based on 2016 efficiency levels), 47% (32 distributors) of the Ontario distributors were ranked as "average efficiency"; 20% were ranked as "more efficient"; and 16% were ranked as "least efficient". Although our forward looking goal is to advance to the "more efficient" group, management's expectation is that efficiency performance will not decline and will likely remain at the Group 3 level until Brantford Power has completed its renewal and integration of core information systems.

- **Total Cost per Customer**

Total cost per customer is calculated by dividing Brantford Power's total cost by the total number of customers that Brantford Power serves. The total cost is the sum of Brantford Power's capital and operating costs.

The per-customer cost result for 2016 is \$528, which is a 3.1% or \$16 per customer increase over 2015. During the previous four years, Brantford Power minimized annual cost increases with an average annual increase in the total cost per customer during this period of \$4 per year (<1% per year). The total cost in 2016 was \$779,499 or 3.9% higher than the level reported in 2015. In addition to general inflation, total costs were impacted by a number of non-recurring factors, including the cost of preparing and filing Brantford Power's Cost of Service distribution rate application (which typically occurs every five years), new costs related to the implementation and operation of Brantford Power's new financial information system, and some additional material expenses resulting from a reduction in the level of items held in Brantford Power's inventory.

Brantford Power is continually looking for ways to improve its business processes to enable it to comply with increasing responsibilities and obligations for local distribution companies without negatively impacting overall costs to the customers where possible. In the coming years, changing demographics introduce a risk in the area of resources to perform core operational functions. Brantford Power's planning indicates that staffing levels required to maintain performance levels and meet future demands, along with the business systems necessary to support them, will mark a departure from the trend in headcount and compensation costs seen in previous years.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that Brantford Power operates to serve its customers. The result of \$41,385 represents a 2.9% or \$1,150 increase. Cost drivers can be found in the section above.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Brantford Power's assigned target under the 2016-2020 "Conservation First Framework" (CFF) is 54.32 GWh or 54,320 MWh of energy savings.

The Independent Electricity System Operator (IESO) verified that as of December 2016, Brantford Power achieved net energy savings of 19,415 MWh, representing 36% of its total CFF target, and exceeding the 2016 target by 581 MWh.

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 a complete application. In 2016, Brantford Power completed four CIAs. All four CIAs were completed inside the prescribed time limit, resulting in Brantford Power meeting the standard 100% of the time.

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

Electricity distributors are required to connect micro-embedded generation facilities within five business days of receiving all required authorizations, signed agreements and connection fees for a micro-embedded generation facility. Brantford Power connected seven micro-embedded generation facilities in 2016. All seven micro-embedded generation facilities were connected inside the prescribed time limit, producing a result of 100%, which exceeds the industry target of 90%.

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. Brantford Power’s current ratio increased from 1.99 in 2015 to 2.16 in 2016. Brantford Power continues to report a strong liquidity position maintaining a current ratio approximating 2 times.

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

The OEB 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). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

Brantford Power’s leverage position has declined to 0.96 indicating that the current outstanding debt is slightly less than the equity level. In order to fund Brantford Power’s proposed Distribution System Plan which includes provision for new operating facilities, Brantford Power anticipates securing additional long term borrowings to finance the capital program necessary to add new infrastructure or replace aging infrastructure and equipment as their useful lives expire. This will ensure Brantford Power maintains its reliability performance, and provide funding for necessary investments to improve productivity or to meet other customer requirements. Once this external financing is secured, Brantford Power expects its Total Debt to Equity Ratio to range between 1.25 and 1.50.

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

Brantford Power’s current distribution rates were approved by the OEB and include 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. 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**

Brantford Power’s return achieved in 2016 was 6.53% which is within the +/-3% range allowed by the OEB, which is considered to reflect a healthy level of financial performance. The average return over the past 5 years was 8.71% which is below the return included in Brantford Power’s approved rates. Brantford Power’s 2016 profitability reflects a decline from the previous years’ trend.

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.