

Scorecard - Cooperative Hydro Embrun 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%	90.50%	100.00%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	96.00%	97.00%	97.60%	92.80%	95.20%		65.00%	
	Customer Satisfaction	First Contact Resolution			92%	92%	95%			
		Billing Accuracy			99.98%	99.30%	99.74%		98.00%	
		Customer Satisfaction Survey Results			90%	90%	85.89			
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				75.00%	75.00%			
		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	0.08	0.04	0.01	0.03	0.04		1.83	
		Average Number of Times that Power to a Customer is Interrupted ²	0.02	0.02	0.13	0.01	0.23		0.64	
	Asset Management	Distribution System Plan Implementation Progress			In Progress	In Progress	Completed			
	Cost Control	Efficiency Assessment	2	2	2	1	1			
Total Cost per Customer ³		\$532	\$568	\$530	\$533	\$521				
Total Cost per Km of Line ³		\$38,571	\$39,819	\$31,886	\$30,485	\$32,721				
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				6.73%	48.63%		1.79 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		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)	3.24	3.14	3.09	2.87	2.65			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.36%	9.36%	9.36%	9.36%		
			Achieved	10.28%	8.43%	4.35%	1.53%	3.68%		

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

Cooperative Hydro Embrun Inc.

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, Cooperative Hydro Embrun (“CHE”) either met or exceeded all performance targets. CHEI continues to seek new cost control measures leading to improvements in cost per customer which continued in 2016. CHE’s ranking is the most efficient group of the province – this since 2014. Going forward, the utility continued to seek cost saving solution and promoting cost sharing with neighboring utilities.

Service Quality

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

CHEI connected 100% of its 92 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). CHEI resolved the coordination between municipal and electrical distribution construction activities.

In early 2017, the utility was subject to a follow up audit from 2015 audit and the board staffs were satisfied with the process.

- **Scheduled Appointments Met On Time**

In 2016 CHEI scheduled 11 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

In 2016, the utility was subject to a follow up to the utility’s 2015 audit. The regulator indicated that they were satisfied with the processes that were put in place and that the results of the Service Quality indicators were accurate.

- **Telephone Calls Answered On Time**

In 2016 CHEI customer service received 1,429 calls from its customers. An agent answered a call in 30 seconds or less in 95.20% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2016 result have improved by 2.4% over 2015. CHEI's goal is to ensure that this measure will continue to improve in future years.

Customer Satisfaction

- **First Contact Resolution – Customer Satisfaction Survey**

CHEI tracks its "First Contact Resolution" metric using its customer satisfactions survey. In order to comply with this requirement, the utility used an average of the following survey questions below. The utility is of the opinion that the results reflect accurate results.

Customer Service Representative

- 1) During the past 12 months, have you contacted the utility's customer service for any information or assistance?
- 2) Thinking about your most recent contact with Cooperative Hydro Embrun, did the customer care representative provide you with the
- 3) If not, what information did you need that the customer care representative did not provide?
- 4) Overall, how would you rate the customer care representative's performance in handling your request for information?

The utility reported results of 95%.

- **First Contact Resolution – Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2016 – December 31, 2016 CHEI issued more than 25,405 bills and achieved a billing accuracy of 99.74%. This compares favourably to the prescribed OEB target of 98%. CHEI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

CHEI conducted a customer satisfaction survey in December of 2016. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options
- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.
- Customer support for greater use of renewable energy.
- Customer opinions regarding how aggressively sustainable practices should be pursued.
- Cost of Electricity
- Overall Performance

The utility used Survey Monkey to publish its survey and posted it on its website. A bill insert communicating the survey and prize was included in all bills. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. With those parameters, the recommended sample size was determined to be 325. The margin of error is a measure of the precision of a sample estimate of the population value. It uses probability to demonstrate the precision of a sample estimate by providing a range of values in which a sample value would be expected to fall. In general, margin of error provides a 95% confidence interval. The utility received 382 responses therefore the survey is representative of the public opinion.

The survey was conducted between December 4 and 24, 2016 and yielded a customer satisfaction ranking of 86%. A summary of the results is presented on the next page, and the complete report is provided as an Appendix D to this Exhibit.

The utility intends on continuing surveying its customers on a bi-annual basis in an effort monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

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. The utility conducted an online survey between February 8 2016 and April 21, 2016. 306 respondents completed

the survey which resulted in a participation rate of 14.7%. The results of the survey indicated a 75% score on Public Awareness. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

As a licensed distributor, CHEI must comply with Ontario Regulation 22/04 Electrical Distribution Safety and compliance with this regulation is subject to annual Audits and Declarations of Compliance. CHEI has established practices and procedures that comply with Ontario Regulation 22/04 and has reported satisfactory Audits. CHEI is also required to submit an annual Declaration of Compliance for certain sections of the regulation; these have also indicated compliance. ESA also undertakes a series of Due Diligence Inspections with all distributors. No significant items raised from these inspections.

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

CHEI did not have any serious electrical incident to report in 2016.

System Reliability

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

CHEI experienced a slight decrease in reliability in 2016 in comparison to 2015. The result of the decrease in reliability was due to schedule outage during the year. The number of interruptions increase from 55 in 2015 to 88 in 2016.

CHEI's system reliability is very stable and only varies with poor weather which tends to fall outside of the utility's control. If a power failure occurs inside of the utility's distribution system, the utility is quick in responding and rectifying the issue. CHEI continues to view reliability of electricity service as a high priority the utility continues to monitor its distribution assets on a regular basis.

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

The number of interruptions increase from 7 in 2015 to 23 in 2016. CHEI experienced an increase in the average number of interruptions during 2016 which were mainly due to schedule maintenance.

Asset Management

- **Distribution System Plan Implementation Progress**

CHEI completed and filed Distribution System Plan (“DSP”) as part of its 2018 Cost of Service Application. The Distribution System Plan detailing the utility’s historical and projected capital plan can be found in Exhibit 2 of Cost of Service application as posted on the utility’s website.

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 OEB to produce a single efficiency ranking. CHEI was upgraded from Group 2 to Group 1 which has a stretch factor of 0.00 in 2015 and has maintained its ranking in 2016. CHEI will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CHEI’s capital and operating costs and dividing this cost figure by the total number of customers that CHEI serves. The cost performance result reported for 2016 was \$533 /customer which represented a 2.25% decrease from 2015.

CHEI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in its 2014 Cost of Service application, CHEI will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on CHEI’s capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

In 2016, the total cost per Km were \$32,721 which represents an increase of 7.33% over 2015. In 2016, CHEI experienced growth and therefore an increase in its total kilometers of lines. CHEI continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings (Percent of target achieved)**

In 2016 GreenSaver continued to focus on the commercial and institutional sector which represent CHEI's largest potential for conservation and savings. As expected, the Retrofit Program continued to generate the largest proportion of energy savings.

GreenSaver's Program Delivery Team and our Key Account Reps continually provided front-end uptake services to prospective Retrofit participants. We found that customers often do not have internal resources available to preparing Retrofit applications, especially in smaller companies. Therefore, GreenSaver's services as Applicant Representatives has empowered customers with the ability to apply for the Retrofit Program and opened a new dialogue about energy conservation.

In late 2016, GreenSaver has launched an extensive Commercial Outreach campaign. The Outreach Campaign employed a three-prong approach;

- targeting the Top 10 Commercial Customers to develop or strengthen an ongoing CDM relationship;
- researching business profiles and preparing industry specific letters and outreach plans for the over all customers, and
- doing a two-phase telephone outreach campaign, first to the over 25KW users, then the remaining, smaller customers.

In 2016 GreenSaver prepared Version 2 of the Joint CFF 2015-2020 CDM Plan. The CDM Plan revision allowed CHEI to redistribute targets based on 2015 results, to create a more realistic forecast for the CFF Framework. PSUI and HPNC were added as available programs in order to allow CHEI customers to access these programs if requested.

Additionally, GreenSaver made efforts to promote the Home Assistance Program, designing and printing a HAP Buckslip which was distributed to CHEI customers in October. To date, the Buckslip has resulted in several applications generated for individual customers, the most interest CHEI has seen for HAP this year.

CHEI plans on continuing its efforts to instill a conservation culture and promote the adoption of conservation and demand management programming to its customers.

Connection of Renewable Generation

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

CHEI did not have any Fit projects in 2016 and as such did not need Connection Impact Assessments

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

In 2016, CHEI connected 1 new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Both connection were connected within the prescribed time frame of five business days. CHEI works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

CHEI's current ratio declined slightly from 2.87 in 2015 to 2.65 in 2016. The ratio still exceeds the indicator of good financial health.

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

In 2016, CHEI did not have any debts per se however, in accordance with Board policy the utility 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).

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

CHEI's current distribution rates were rebased and approved by the OEB in 2014 and include an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

CHEI's 2016 achieved ROE is 3.68 which represents a difference of 5.68% from the approved 9.36%. It's has been four years since the utility's current ROE was established and as such, the utility has applied to its regulator for a rebalancing its ROE as part of its upcoming Cost of Service.

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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.