

Scorecard - Innpower 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	95.30%	89.90%	96.40%	97.90%	94.80%		90.00%		
		Scheduled Appointments Met On Time	64.30%	83.00%	94.40%	91.80%	95.60%		90.00%		
		Telephone Calls Answered On Time	74.60%	67.10%	70.60%	80.40%	80.10%		65.00%		
	Customer Satisfaction	First Contact Resolution			99.006%	98.99	99.4				
		Billing Accuracy			99.95%	99.94%	97.97%		98.00%		
		Customer Satisfaction Survey Results			A	A	B				
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				86.00%	86.00%				
		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	1.34	2.10	4.70	1.47	1.12			2.09	
		Average Number of Times that Power to a Customer is Interrupted ²	0.71	0.92	3.14	0.75	1.35			1.41	
	Asset Management	Distribution System Plan Implementation Progress			In Progress	In Progress	In Progress				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
Total Cost per Customer ³		\$720	\$732	\$761	\$883	\$904					
Total Cost per Km of Line ³		\$13,842	\$14,168	\$14,693	\$17,126	\$17,640					
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				14.22%	34.92%			13.01 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	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)	1.10	0.63	0.41	0.78	0.80				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.93	1.30	2.04	2.03	1.78				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.98%	8.98%	8.98%	8.98%			
			Achieved	1.96%	6.70%	5.82%	7.61%	3.90%			

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>

InnPower Corporation Scorecard MD&A - General Overview

2016 for InnPower Corporation reflected overall continuous improvements in our performance measurement categories, with the exception of our 2016 Customer Satisfaction Survey. The results of the 2016 survey identified a drop in overall customer satisfaction from an “A” rating to a “B” rating.

Analysis of the survey results clearly reflected overall dissatisfaction with the overall cost of electricity. The timing of the survey overlapped with InnPower’s 2017 Rate Application, OEB Community Day sessions and the Ontario Fair Hydro Plan. InnPower customers perceived the Rate Application as a means to increase revenue to offset the 25% reduction from the OFHP.

As a result InnPower Corporation will be placing a focus on Customer Engagement and education in the 2017 – 2020 timeframe.

Service Quality

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

In 2016, InnPower connected 94.8% of its 364 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). This result, although slightly lower than the 97.9% performance level measured last year, is well above the OEB-mandated threshold of 90%.

- **Scheduled Appointments Met On Time**

In 2016, InnPower scheduled and completed 338 appointments to complete work requested by customers to connect services, disconnect services, or otherwise discuss service options in which the customer was met on site. The utility met 95.6% of these appointments, surpassing the previous year’s record while exceeding the industry target of 90%.

Additionally, InnPower scheduled 4,827 customer appointments for work in which the customer was not met on site and completed in 5 business days. Of the 4,827 scheduled appointments, 4,581 appointments, or 94.9% were completed in 5 business days.

Providing excellence in customer service is at the core of InnPower's corporate philosophy, and the utility is consistently seeking new ways to drive service level improvements.

- **Telephone Calls Answered On Time**

In 2016 InnPower's customer contact Centre agents received over 23,798 qualified calls from its customers – representing an average of 94 calls per working day and an increase of 12.81% from 2015 qualified calls. Customer Service agents answered 80.10% of these calls in 30 seconds or less. This result significantly exceeds the OEB prescribed target of 65% for timely call response.

Favorable results were driven primarily by continuous training resulting from quality assurance monitoring. Call volumes are attributed to continued customer growth of over 2% in 2016 combined with high bills due to increased electricity rates. A large percentage of calls received were regarding payments, payment arrangements and moving inquiries. In addition, contact Centre agents assisted almost 8,000 customers at our front desk. Since relocating to our new centralized corporate office in January 2016, we are seeing increased volumes of walk in customers.

Combined the customer contact Centre directly manages an average of 136 customer touch points daily via incoming calls and servicing customers at our front desk.

Customer Satisfaction

- **First Contact Resolution**

InnPower defines "First Contact Resolution" as the number of customer enquires that are resolved by the first contact at the utility, not resulting in the enquiry being escalated to a supervisor or a manager. This includes all customer enquires that are made to a customer service representative whether by telephone, or in person.

First Contact Resolution was measured based on agent transactional logged inquiries. For the period January 1, 2016 to December 31, 2016, InnPower logged 28,951 inquiries and approximately 168 (or .6%) were not resolved on first contact.

Customer Service staff are supported through weekly staff meetings. This training keeps staff up to date with company procedures and industry changes to better support customer inquiries and effectively reducing the number of escalations.

InnPower endeavors to use the customer survey results along with customer feedback to identify improvements to help maintain our current positive first contact resolution percentages. InnPower will be performing transactional surveys in 2017 to identify customer concerns as well.

- **Billing Accuracy**

For the period from January 1, 2016 – December 31, 2016 InnPower issued 197453 bills and achieved a billing accuracy of 97.97%. This is slightly under the prescribed OEB target of 98% by .03%. This reduction in accuracy is a direct result of incorrect application of HST on Ontario Electricity Support Program credits.

The issue was identified in March 2017. InnPower identified that 515 customers were affected since January 1, 2016. Once InnPower became aware of the error, InnPower refunded the HST amount totaling \$ 21,489.92 to the affected in accordance with normal practice for error resolution/corrections.

InnPower continues to monitor its billing accuracy results and processes monthly to maintain high accuracy.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

For 2016, InnPower engaged a third-party organization to conduct a customer satisfaction survey. This statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. InnPower considers this customer satisfaction survey to be useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. For 2016, InnPower received a rating of “B” on its customer satisfaction survey which is a drop from the 2014 rating of “A”. Analysis of the survey results clearly reflected overall dissatisfaction with the overall cost of electricity. The timing of the survey overlapped with InnPower’s 2017 Rate Application, OEB Community Day sessions and the Ontario Fair Hydro Plan. InnPower customers perceived the Rate Application as a means to increase revenue to offset the 25% reduction from the OFHP.

As a result InnPower Corporation will be placing a focus on Customer Engagement and education in the 2017 – 2020 timeframe.

Safety

- **Public Safety**

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

Component A consists of a new statistical survey that gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment found in a utility’s territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required.

In March of 2015, InnPower engaged a third-party organization to undertake InnPower's "Public Awareness of Electrical Safety" survey. Results were based on a telephone survey (Random Digit Dialing) among 400 members of the general public, 18 years of age or older, residing in InnPower's geographic service territory.

The result of the first year of surveying the public about electrical safety shows that many customers do have good knowledge and or have received information pertaining to the 6 core measurement questions. InnPower's Public Awareness Index Score is 86%. InnPower will be undertaking another Public Awareness of Electrical Safety survey in the 4th quarter of 2017 as prescribed by the Ontario Energy Board.

At this time there is no set performance target by the OEB for the public awareness of electrical safety. The OEB will establish a performance target once three years of data has been gathered.

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

Component B consists of a utilities compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Over the past five years, InnPower was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and the adherence to company procedures and policies.

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

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. In 2016, InnPower had zero (0) fatalities and zero (0) serious incidents within its territory. InnPower continues to perform site reviews, training to identify potential hazards and communicates findings and recommendations to all staff and the public.

System Reliability

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

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. InnPower views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. InnPower regularly monitors and maintains its distribution system to ensure its level of reliability is kept as high as possible. Outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

For 2016, on average InnPower customers were out of power, excluding major events, for 1.12 hours (SAIDI-excluding MED). This is an improvement over last year's metric of 1.47 hours, and is lower than our target of 2.09 hours.

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

The average number of times that power to a customer is interrupted is also a measure of system reliability and is also a high priority for InnPower. As outlined above, outside factors can also greatly impact this measure.

For 2016, on average InnPower customers experienced approximately 1.35 sustained interruption during the year, excluding major events (SAIFI-excluding MED). Although this is an increase over last year's metric of 0.75, it is lower than our target of 1.41. InnPower continues to strive to provide reliable service to its customers while carefully managing its investment strategies for renewing its aging assets.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan Implementation Progress measure is intended to assess InnPower's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

InnPower manages and monitors the capital planning and asset management process by means of planned versus actual costs. In 2016, InnPower's actual capital costs was \$4,486,793, compared to the OEB approved budget of \$5.4M (the capital envelope amount based on the last rebasing application in 2012), and a planned capital costs, as approved by InnPower's Board of \$5.664M. The reduced spend was triggered by delays in infrastructure building projects that were moved to future years due to delays in planned subdivision development, and county road widening projects.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. For 2016, InnPower has maintained its ranking in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of InnPower's capital and operating costs and dividing this cost figure by the total number of customers that InnPower serves. InnPower has experienced increases in its total costs required to deliver quality, reliable services to customers, manage customer growth and

implement mandated government directives.

The total cost per customer in 2016 is \$904.00 versus \$883.00 in 2015 or an increase of 2.4%, which is below the 2015 increase of 16% over the 2014 results. . InnPower's 2015 results reflected the capital investment for future growth of the new Operations/Corporate Centre. InnPower is estimating steady customer growth in the territory for the next 25 years. InnPower will manage on going infrastructure investment and maintenance to ensure customer growth exceeds costs growth resulting in a decline of the cost per customer.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. InnPower's cost per km of line is \$17,640.00 or an increase of 3.00% from 2015. As with the Total Cost per Customer the 2016 increase is below the 2015 increase of 17%. The 2015 increase is directly related to the capital investment of the new Operations/Corporate Centre. InnPower is anticipating built out growth for its territory for the next 25 years. As this intensification occurs, InnPower will continue to seek solutions to optimize resources and ensure the cost per km of line is competitive within the market.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

In 2015 InnPower Corporation entered into the 1st year of the Conservation First Framework (CFF) timeframe for 2015 – 2020, transitioning from the previous 2011 – 2014 Conservation and Demand Management Framework. In the CFF framework InnPower Corporation was allocated a 13.01 GWh target to achieve in cumulative energy savings.

InnPower Corporation developed the CFF Conservation Plan outlining our plan to achieve the 13.01 GWh target. The CFF Conservation plan was submitted and approved by IESO in May 2016. For 2016, InnPower's has achieved 34.9% or 4.5 GWh of cumulative energy savings towards our assigned target. This achievement represents 97% of InnPower's CFF CDM Plan for the first two years of the framework.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of the Generator meeting the requirements outlined in InnPower's Conditions of Service. InnPower has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2016, InnPower had no CIA's presented for design/completion from customers.

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. In 2016, InnPower connected 14 new micro-embedded generation facilities within its territory. 100% of these projects were connected within the prescribed timeframe of five (5) business days, which significantly exceeds the Ontario Energy Board's mandated target of 90% for this measure. InnPower's process for these projects is well documented and InnPower staff work closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

Financial Ratios

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

InnPower's current ratio increased to .80 in 2016. This is a slight improvement over the previous year due to an increase in receivables and the conversion of short term debt to long term debt for capital expenditures.

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

The OEB has developed a deemed utility 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).

InnPower's 2016 debt to equity ratio has slightly decreased from 2015 due to a cash injection from the parent company. The initial increase in 2014 was due to the debt of the new Operations/Corporate Centre. The new building is designed to service customer demand and territory growth in excess of 25 years in conjunction with the province and municipality's growth planning.

As part of its long term plan, InnPower has identified its leverage as an ongoing area for improvement to bring it within the deemed capital structure parameters.

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

InnPower's current distribution rates are approved by the OEB and include a deemed regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the deemed return on equity.

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

InnPower's return on equity achieved in 2016 was 3.90%. InnPower did not achieve an actual return within the deemed range due to increased interest and depreciation costs and costs from a major ice storm event. InnPower is in the process of a cost of service application for 2017 rates which will also result in a new deemed regulatory return on equity.

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.