

# Scorecard - Ottawa River Power Corporation

9/24/2017

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	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	99.90%	99.90%	99.90%	99.90%	99.90%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution				97%	97.5%	98.2			
		Billing Accuracy				99.95%	100.00%	99.99%		98.00%	
		Customer Satisfaction Survey Results				Satisfied	Satisfied	78.8%			
<b>Operational Effectiveness</b>  Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Level of Public Awareness					82.20%	82.20%			
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	1.69	0.33	1.24	3.95	1.55			1.27	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.08	0.23	0.79	2.56	0.84			0.86	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress				In Progress	OEB Approved	Implemented			
	<b>Cost Control</b>	Efficiency Assessment		3	3	3	3	3			
Total Cost per Customer <sup>3</sup>			\$470	\$505	\$471	\$478	\$487				
Total Cost per Km of Line <sup>3</sup>			\$33,773	\$32,410	\$30,544	\$29,277	\$30,052				
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	<b>Conservation &amp; Demand Management</b>	Net Cumulative Energy Savings <sup>4</sup>					31.88%	54.46%		8.72 GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time					100.00%				
		New Micro-embedded Generation Facilities Connected On Time				100.00%	100.00%	100.00%		90.00%	
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.32	1.54	1.77	2.35	1.53				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.72	0.73	0.72	0.70	0.72				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.85%	9.19%			
			Achieved	11.60%	5.90%	6.31%	4.27%	6.32%			

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, Ottawa River Power continued to exceed most performance targets. Aging distribution infrastructure continues to be the primary challenge facing utilities today. The average number of hours that power to a customer was interrupted decreased from 2015 but is slightly above the five year average for ORPC. Ottawa River Power completed a Cost of Service Rate application during 2015 and 2016 for rates that were implemented in July 2016. The application included a distribution system plan that was approved by the Ontario Energy Board. The application had an emphasis on upgrading its infrastructure at an accelerated pace in order to improve reliability to its customers.
- Further to the above, Ottawa River Power continues to focus on you, the customer. Ottawa River Power makes every effort to engage its customers on a regular basis to ensure we are aware of your needs and that you are receiving the best value for your money. Ottawa River Power remains committed to provide its customers with the most reliable service at the least possible cost.
- In 2017, Ottawa River Power will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

## Service Quality

### • New Residential/Small Business Services Connected on Time

In 2016, Ottawa River Power connected 139 low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This represents an increase of twenty eight connections from 2015, which is driven primarily by demand or growth in the service area. Ottawa River Power considers “New Services Connected on Time” as

an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer's expectations, which in turn affects the level of customer satisfaction within a utility's territory. Consistent with prior years, Ottawa River Power connected 100% of these customers on time, which exceeds the Ontario Energy Board's mandated target of 90% for this measure. Ottawa River Power prides itself on being a small pliable utility able to responds to its customers' needs quickly. It expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Ottawa River Power scheduled 2812 appointments in 2016 to connect services, disconnect services, complete customer underground locates, attend customer premises for delivery of conservation and demand management programs, or otherwise complete work requested by its customers. Ottawa River Power considers "Scheduled Appointments Met" as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, Ottawa River Power met 100% of these appointments on time, again exceeding the Ontario Energy Board's mandated target of 90% for this measure. Ottawa River Power expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2016, Ottawa River Power received 22,200 calls from its customers averaging over 85 calls per day. This is 2,671 less telephone calls than received in 2015. The call volumes is attributed to customer preference to contact Ottawa River Power by telephone. Ottawa River Power considers "Telephone Calls" to be an important communication tool for identifying and responding to its customers' needs and preferences. Consistent with prior years, a customer service representative answered 99.9% of these calls in 30 seconds or less. This too exceeds the Ontario Energy Board mandated target of 65% for this measure. Ottawa River Power expects this trend to continue into the foreseeable future.

## Customer Satisfaction

- **First Contact Resolution**

First contact resolution is a scorecard measure introduced by the Ontario Energy Board midway through 2014. 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.

Ottawa River Power 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 an alternate contact at the utility, typically a supervisor or a manager. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person. Ottawa River Power considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction.

Ottawa River Power achieved a 98.2% in first contact resolution.

- **Billing Accuracy**

Billing accuracy is a scorecard measure introduced by the Ontario Energy Board late in 2014, and is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Ottawa River Power considers timely and accurate billing to be an essential component of customer satisfaction. For 2016 Ottawa River Power issued more than 75,000 customer bills and achieved a billing accuracy of 99.99%, which is within the Ontario Energy Board mandated target of 98%. Ottawa River Power expects this trend to continue for 2017.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a 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.

Ottawa River Power is required to report on this measure on a biannual basis.

A satisfaction survey was completed in the winter of 2017 with ORPC receiving an overall score of 78.8%. The survey was completed in all four service areas: The City of Pembroke, the Village of Beachburg, The Village of Killaloe and Almonte Ward. A total of 371 residential customers and 29 general service customers completed the survey. Question scoring and index methodologies were prescribed by the Electricity Distributors Association to meet the reporting guidelines.

- **Public Safety**

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

Component A consists of a 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.

Ottawa River Power had a survey completed in 2015 and received an 82.2% with regard to its customers awareness of electrical safety concepts in its system. This survey will be carried out every two years to measure the effort made to raise the public's awareness about the risks surrounding the equipment used to run the electricity system.

- **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, Ottawa River Power 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 & 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, Ottawa River Power had zero fatalities and no serious incidents within its territory.

## 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. Ottawa River Power views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Ottawa River Power also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The OEB typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. In 2016, Ottawa River Power fell below its five year average (1.27) hours of interrupted power having 1.55 hours. This is a large improvement over 2015 when there was a substation malfunction increasing the average hours to be 3.95.

With an approved Distribution System Plan in place and the approved funds implemented in July 2016, Ottawa River Power expects its reliability numbers to improve in the future.

- **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 Ottawa River Power. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. Ottawa River Power experienced an average of interrupted power 0.84 times to its customers during 2016. This is within the range of its historical performance for interrupted power over the five-year period between 2012 and 2016 of 0.86 times.

With an approved Distribution System Plan in place and the approved funds for more upgrades implemented in July 2016, Ottawa River Power expects the number of interruptions to improve in the future.

## Asset Management

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a performance measure instituted by the Ontario Energy Board beginning in 2013. The Distribution System Plan outlines Ottawa River Power's forecasted capital expenditures over the next five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The Distribution System Plan

Implementation Progress measure is intended to assess Ottawa River Power'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.

Ottawa River Power implemented its Distribution System Plan on July 1, 2016. Ottawa River Power has defined this measure as the tracking of actual capital projects to planned capital projects, expressed as a percentage. For 2016, Ottawa River Power completed \$1.1 million of its planned capital projects plan of \$1.2 million. In other words it achieved 91.6% of its plan. The OEB approved capital budget for 2017 is approximately \$1.5 million. This will approximate the capital budget annually for the next four years.

## 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, Ottawa River Power was placed in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/-10% of predicted costs. This is the same as its Group 3 efficiency ranking in 2015, 2014 and 2013. Group 3 contains the largest group of distributors with over 30 Ontario distributors. Although Ottawa River Power's future goal is to advance to a "more efficient" group, management's expectation is that its efficiency performance will not decline in the foreseeable future.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Ottawa River Power's capital and operating costs and dividing this cost figure by the total number of customers that Ottawa River Power serves. Similar to most distributors in the province, Ottawa River Power has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for employees, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs.

The total cost performance result for 2016 is \$487/customer, which is a 1.8% increase over its 2015 result. On average, Ottawa River Power's total cost per customer has increased by 0.09% per annum for the period 2011 – 2016. Going forward, utility costs are expected to keep pace with economic fluctuations, however, Ottawa River Power will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements, while maintaining the reliability and quality of its distribution system.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the cost per customer calculation above. Based on this, Ottawa River Power's rate is \$30,052 per km of line, which is a 2.6% increase over its 2015 rate. Ottawa River Power's growth rate for its territory is considered to be relatively low. As a result, the cost per km of line is expected to slowly increase as capital and operating costs also increase. As we progress into the future, Ottawa River Power will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

## **Conservation & Demand Management**

- **Net Cumulative Energy Savings**

Resulting from the Long Term Energy Plan, the Ontario Energy Board received a directive on March 31, 2014 from the Minister of Energy pursuant to sections 27.1 and 27.2 of the Act (altogether, the "Conservation Directive") requiring the Board to take steps to promote CDM including amendment to the licences of electricity distributors and establishment of CDM Requirement guidelines. The Conservation First Framework 2015 - 2020 for electricity conservation and demand management (CDM) in Ontario has been developed by The Independent Electricity Systems Operator with a provincial target of 7 terawatt-hours. The Independent Electricity Systems Operator supported this initiative through a number of OEB approved CDM programs designed to conserve electricity across all classes of electricity customers.

Ottawa River Power achieved 54.46% of its Net Cumulative Energy Savings target of 8.72 GWh by the end of 2016. This was primarily achieved by the Conservation and Demand Manager who identified and pursued opportunities with the large commercial, institutional, industrial and residential customers. ORPC has a five year budget to deliver these programs of \$2.8 million.

## **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 receiving authorization from the Electrical Safety Authority. Ottawa River Power has developed and implemented an internal procedure to ensure compliance with this regulation. All CIA's are conducted internally by Ottawa River Power line staff.

Ottawa River Power had no CIA's during 2016.

- **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, Ottawa River Power had no micro-embedded generation applications. Connection of projects are required to be connected within the prescribed timeframe of five (5) business days. The Ontario Energy Board's mandated target is 90% for this measure. Ottawa River Power's process for these projects is well documented and Ottawa River Power works 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)**

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Ottawa River Power's current ratio is 1.53 which is indicative of a financially healthy organization. Ottawa River Power's current ratio is expected to remain healthy into the foreseeable future.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2016, Ottawa River Power's debt to equity ratio was 42/58 or 0.72. Although this is a lower debt-to-equity than expected by the Ontario Energy Board, Ottawa River Power is satisfied with its level of profit. It has been able to continue to keep its rates to customers lower than many distributors. Ottawa River Power expects its debt to equity ratio to remain consistent into the foreseeable future.

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. Ottawa River Power's 2016 distribution rates were approved by the OEB in 2016 and included an expected (deemed) regulatory return on equity of 9.19%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

Ottawa River Power achieved an ROE of 6.32% in 2016, which is within the +/-3% range allowed by the OEB (see above paragraph). The average ROE over the past 5 years was 6.88, which is within the deemed regulatory return specified in Ottawa River Power's approved rates.

## 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.