

Scorecard - PowerStream 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	98.10%	98.10%	97.80%	99.50%	99.50%	↑	90.00%		
		Scheduled Appointments Met On Time	99.60%	99.80%	99.70%	94.70%	99.20%	↓	90.00%		
		Telephone Calls Answered On Time	69.20%	68.30%	71.00%	78.40%	75.90%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution			83.5%	71.5%	70.83				
		Billing Accuracy			99.93%	99.29%	99.15%	↓	98.00%		
		Customer Satisfaction Survey Results		91%	88%	90.5%	90.5				
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				78.00%	78.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NI	C	C	C	C	↔		C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	1	1	1	0	↔		1
	Rate per 10, 100, 1000 km of line		0.135	0.134	0.132	0.132	0.000	↔		0.075	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.04	1.32	1.17	1.18	0.88	↑		1.02	
		Average Number of Times that Power to a Customer is Interrupted ²	1.53	1.42	1.43	1.10	0.93	↑		1.24	
	Asset Management	Distribution System Plan Implementation Progress		83.3%	101.2%	99.8%	91.5				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$645	\$653	\$688	\$723	\$723				
		Total Cost per Km of Line ³	\$29,405	\$29,912	\$31,980	\$33,839	\$34,029				
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				14.29%	37.45%			535.44 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	100.00%	89.47%				
		New Micro-embedded Generation Facilities Connected On Time		93.83%	93.57%	87.50%	92.26%	↓	90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.19	0.77	1.02	0.80	0.76				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.32	1.39	1.46	1.50	1.64				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.93%	8.93%	8.93%	8.93%			
			Achieved	8.55%	9.98%	9.49%	6.65%	7.89%			

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

PowerStream has delivered outstanding scorecard results in 2016 over all four perspectives: customer focus, operational effectiveness, public policy responsiveness and financial performance. PowerStream undertook a Public Awareness of Electrical Safety survey for the first time in 2015 and PowerStream’s overall result on this survey was 78%. PowerStream has a strong commitment to public safety which is demonstrated through a number of initiatives undertaken by the utility each year. These include public awareness campaigns regarding powerline safety and digging, among others. Overall, PowerStream’s 2016 reliability improved considerably upon its three-year average. Customers experienced fewer outages and performance improved from 2015 levels. PowerStream continues to replace assets that are nearing end-of-life to ensure a more reliable distribution system. From a financial perspective, PowerStream seeks to achieve the return on equity allowed by the Ontario Energy Board (“OEB”). This was the case in 2016 and in previous years.

Service Quality

New Residential/Small Business Services Connected on Time

The OEB’s Distribution System Code (“DSC”) requires electricity distributors connect eligible low-voltage (less than 750 volts) residential and small business customers within a five-day timeline, at least 90% of the time. In 2016, PowerStream connected 99.5% of 8,513 eligible low-voltage residential and small business customers to its system within the five-day timeline. PowerStream continued to make the connection of new services a high priority, while continuing to ensure a safe work environment.

Scheduled Appointments Met On Time

The OEB's DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Of 2,217 appointments scheduled in 2016 requiring the presence of the customer, PowerStream met 99.2% of these appointments within the OEB approved timeframe. Since the inception of the Scorecard reporting, PowerStream has had consistent year over year results for this metric that are above the industry target.

Telephone Calls Answered On Time

The OEB's DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls that are received by the call centre and are driven by factors such as billing inquiries, customer move in and outs, news about the electricity market in the media, conservation and demand management programs and power outages.

In 2016, PowerStream's Customer Service Representatives ("CSR") received approximately 302,000 calls, as compared to 290,000 calls in 2015. This represents an increase of 4.1% in call volumes. PowerStream's CSRs answered 75.9% of incoming calls within 30 seconds. This performance exceeds the OEB mandated target of 65% and is a reduction of 2.5% compared to the 2015 result of 78.4%.

Customer Satisfaction

First Contact Resolution

The OEB does not provide a specific metric for First Contact Resolution ("FCR"), which is a customer query resolved in a single call, thereby eliminating the need for the customer to follow up with a second call. The OEB instructed all electricity distributors to review and develop a number of customer satisfaction measurements for reporting starting in 2015.

The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this item in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

PowerStream measures FCR by utilizing the results from a Transactional Telephone Survey that initiates in April and runs until December. This 2016 survey reached out to approximately 800 residential customers within seven days of the original contact with the Call Centre. The FCR results for PowerStream are based on the customers' response to the question "Overall, how satisfied are you with your most recent interaction with PowerStream?" asked in the survey. PowerStream's 2016 FCR result was 70.83% as compared to 71.5% in 2015.

Billing Accuracy

The Billing Accuracy customer satisfaction metric is defined as the number of accurate bills issued expressed as a percentage of the total bills issued. A bill is considered accurate if it has not been subject to any adjustments, meter reading estimates, or a bill cancellation with a re-bill. In 2016, PowerStream issued more than 2.3 million customer bills and achieved billing accuracy performance of 99.15%. This result exceeds the prescribed OEB target of 98%.

Customer Satisfaction Survey Results

Electricity distributors are required to measure and report customer satisfaction results at least every other year. At this time, the OEB is allowing electricity distributors the discretion as to how they implement this measure.

PowerStream commissioned its most recent survey in 2015, and achieved a score of 90.5%. This score is used for the Customer Satisfaction Survey Results for the 2015 and 2016 reporting period. The 2015 Customer Satisfaction Study conducted by PowerStream utilized the services of Simul Corporation via its UtilityPulse survey. The study gathers valuable input from customers on their service expectations and needs, and questions asked as a part of the surveys include satisfaction with PowerStream, customer service, outages and outage management, billing, online tools, customer communications, etc. The surveys also provide PowerStream with an overall Customer Satisfaction rating that can be benchmarked year after year. The findings from the survey results are utilized to make enhancements in processes, services and communications strategies throughout the organization.

Safety

Public Safety

Component A – Public Awareness of Electrical Safety

PowerStream's result for the Level of Public Awareness was 78% for 2016. PowerStream's score was determined through a telephone survey (Random Digit Dialing) among 400 members of the general public. The standard survey was developed by the ESA and OEB. The score from this first biannual survey was used for the Level of Public Awareness Score for the 2015 and 2016 reporting periods. For PowerStream, public safety involves both the general public, as well as non-utility workers working around overhead wires and equipment, underground cables and electrical stations. PowerStream has demonstrated a strong commitment to public safety through a number of initiatives and has been honoured by the Electrical Safety Authority ("ESA") as an Exceptional Electrical Safety Leader. PowerStream investigates incidents and reports them to the ESA and Ministry of Labour to create additional public awareness. The Company provided electrical awareness training to a wide range of companies who work around the electrical distribution system and contractors that work directly for the company. PowerStream has consistent powerline safety messaging targeted to consumers on PowerStream's website,

social media channels and through printed materials distributed at public events and ESA Powerline Safety Week construction site events. PowerStream also participated in and sponsored organizations such as the Ontario Regional Common Grounds Alliance (ORCGA) and provided support for the Rob Ellis safety program, which targets high schools, colleges and universities to promote young worker safety awareness. This program is augmented with the company's Elementary School Program educating young children and teachers on electrical safety and conservation.

Component B – Compliance with Ontario Regulation 22/04

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. PowerStream was found to be fully compliant with the requirements as set out in Ontario Regulation 22/04 (Electrical Distribution Safety) for the past four years (2013, 2014, 2015 and 2016).

Component C – Serious Electrical Incident Index

PowerStream communicates safety messaging regarding electrical equipment to many audiences using diverse channels including, but not limited to, website content, bill insets, and media. Typical messages include “Call before you dig....” directed to the public and contractors. PowerStream also works with government Health and Safety agencies and industry safety associations to coordinate messaging. The company's electrical distribution equipment is well marked with hazard stickers and nomenclature and is routinely inspected to ensure the integrity of the signage. Phone numbers for the public to call-in concerns are also located at all of PowerStream's substations. Plant inspections are conducted as per the DSC requirements to ensure both the safety and integrity of electrical equipment (such as locks installed at fences and pad mounted transformers and enclosures) as well as for quality assurance of the equipment.

PowerStream also reports all human-caused contacts – contractors and the public – on electrical equipment to the ESA to provide a broader understanding of the incidents experienced by the utility.

The Serious Incident Index target is a 30% reduction from the average over the past five year targets. PowerStream experienced zero (0) serious incidents in 2016, which is an improvement over the 2011 to 2015 five year average, and meets the target established for both the number of incidents and rate per 1,000km of line.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted

In 2016, PowerStream's average number of hours that power to a customer was interrupted improved by 0.3 hours (18 minutes) compared to 2015 performance. This decrease is attributed to a reduction in the impact of outages resulting from lightning, foreign interference and adverse environment events. In 2016, PowerStream was below target for the average number of hours that power to a customer is interrupted (0.88 hours compared to a target of 1.02 hours).

Average Number of Times that Power to a Customer is Interrupted

PowerStream's average number of times when power to a customer was interrupted improved slightly in 2016 with a decrease in occurrences by 0.17 interruptions relative to 2015. This is due to a decrease in lightning and adverse weather related events. This decrease can be attributed to investments in system storm hardening. In 2016, PowerStream was well below target for the average number of times when power to a customer was interrupted (0.93 interruptions compared to a target of 1.24 interruptions).

Asset Management

Distribution System Plan Implementation Progress

The Distribution System Plan ("DSP") Implementation Progress measure was initiated by the OEB in 2013. The OEB does not require all distributors to use the same approach to measure Distribution System Plan Implementation progress. Until the OEB establishes a definition for this measure, utilities may define the measure in the manner that best fits their situation. The OEB requires that a distributor report on this metric to indicate whether its work continues to be "on track" relative to its Distribution System Plan.

In 2015, PowerStream filed the (2016-2020) DSP in its Custom Incentive Rate ("IR") Application, which incorporates PowerStream's integrated approach to planning, prioritizing and managing assets which includes regional planning, local stakeholder consultations, renewable generation connections and smart grid considerations. PowerStream measures the DSP Implementation Progress as the ratio of actual total rate base capital expenditures made in a calendar year, over the total amount of planned rate base capital expenditures for that calendar year, exclusive of capital contributions. The 2016 year end results against this measure indicate that PowerStream completed 91.5% of its 2016 Capital Plan as of December 31, 2016. The OEB issued its decision for the PowerStream Custom IR Application in August 2016 and directed PowerStream to reduce its 2017 capital expenditure budget by 12%. Due to the delay in the Decision, the Company had to pace its 2016 capital investments, resulting in the reduction relative to DSP expectations. The reductions

were primarily for system service projects and general plant investments.

Cost Control

Efficiency Assessment

The total costs for each of the Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking of Ontario's distributors. The efficiency ranking is then segmented into five groups. The electricity distributors are assigned to one of the five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2016, as in previous years, PowerStream was placed in Group three, where a Group three distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group three is considered "average efficiency" – in other words, PowerStream's costs are within the average cost range for distributors in the Province of Ontario. In 2016, 47% (32 distributors) of the Ontario distributors were ranked as "average efficiency"; 29% were ranked as "more efficient"; 24% were ranked as "least efficient."

Total Cost per Customer

Total cost per customer is calculated as the sum of PowerStream's capital and operating costs, including certain adjustments to make the costs more comparable among distributors. This cost figure is then divided by the total number of customers that PowerStream serves. The cost performance result for 2016 is \$723 per customer and has remained flat compared to the prior year.

Total Cost per Km of Line

Total cost per Km of line is calculated as the sum of PowerStream's capital and operating costs, including certain adjustments to make the costs more comparable between distributors. This cost figure is then divided by the total Km of line in PowerStream service territory. In 2016, PowerStream's total cost per Km of line was \$34,029 per Km of line, a 0.6% increase over 2015.

Conservation & Demand Management

Net Cumulative Energy Savings

PowerStream achieved 105.2 GWh of Net Energy Savings in 2016 of which 103.0 GWh will contribute towards the Company's six year target of 535.4 GWh.

Net cumulative savings achieved in the first two years of the Conservation First Framework are 204.9 GWh, of which 200.5 GWh will persist to 2020 (37.4% six year cumulative target).

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Following Appendix F of the DSC, a distributor performs an impact assessment of a proposed generation facility within a 60 day period. This is what is considered “On Time”. In 2016, PowerStream completed 17 of the 19 Connection Impact Assessments (“CIA”) requests received within the required timeframe. Based on PowerStream’s records, the average time frame to complete CIAs in 2016 was 32 business days and 6 business days for revised CIAs.

From 2012 to 2015, PowerStream completed 100% of the CIAs within the required timeframe. The lower performance experienced in 2016 was a result of two CIAs being processed outside of the prescribed timeframe due to scheduling delays for site visits.

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

In 2016, PowerStream connected 323 new micro-embedded generation facilities (microFIT projects of less than 10 kW) 92.26% of time within the prescribed time frame of five business days, exceeding the OEB's expected performance level of 90% within the prescribed time. This is an improvement from the 2015 result of 87.50%, while managing a 9% increase over the number of requests in 2015.

The workflow to connect these projects is very streamlined and transparent with PowerStream’s customers. PowerStream works closely with its customers and their contractors to overcome any connection issues to ensure the project is connected on time.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

The OEB requires distributors to report their Current Ratio because it is one of a number of common measures of the financial health of a distributor. The Current Ratio indicates whether or not the distributor has enough resources (assets) to pay its debts (liabilities) over the next 12 months. A Current Ratio of 1.0 means all current assets can cover all current liabilities. PowerStream’s current ratio decreased to 0.76 in 2016 from 0.80 in 2015. The change is primarily due to an increase in short-term debt for 2016.

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). The debt to equity ratio measures the extent to which assets are financed by debt and equity in an entity. A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. PowerStream's total debt to equity ratio increased from 1.50 in 2015 to 1.64 in 2016. PowerStream's strong financial position is further supported by the Standard & Poor's Rating Services rating of "A".

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

The OEB requires all distributors to report their Return on Equity ("ROE") earned through OEB approved distribution rates as another common measure of the financial health of the distributor. The OEB allows a distributor to earn within +/- 3% of the expected ROE. 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. PowerStream's distribution rates were approved by the OEB and include a deemed ROE of 8.93%.

Profitability: Regulatory Return on Equity – Achieved

The OEB requires all distributors to report their ROE earned through OEB approved distribution rates as another common measure of the financial health of the distributor. The OEB, however, allows a distributor to earn within plus or minus 3% of the deemed ROE. 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. PowerStream's achieved ROE in 2016 was 7.89%, which is within the +/- 3% range allowed by the OEB. The average five-year return for 2012 to 2016 was 8.51%. PowerStream's ROE increased from 6.65% in 2015 to 7.89% in 2016, as a result of lower taxes and higher distribution revenue.

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.