

Scorecard - Westario Power Inc.

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.	Service Quality	New Residential/Small Business Services Connected on Time	92.00%	91.00%	100.00%	95.40%	92.10%		90.00%		
		Scheduled Appointments Met On Time	98.30%	97.10%	100.00%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	96.00%	75.10%	79.60%	86.60%	82.90%		65.00%		
	Customer Satisfaction	First Contact Resolution				81.5%	99%	98.86%			
		Billing Accuracy				99.76%	99.86%	99.96%		98.00%	
		Customer Satisfaction Survey Results				Generally Satisfied	74%	88%	88%		
<b>Operational Effectiveness</b>  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 <sup>1</sup>	C	C	C	C	NI			C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	0	1	0	0			0
	Rate per 10, 100, 1000 km of line		0.194	0.000	0.194	0.000	0.000			0.054	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.83	2.64	4.76	0.83	2.41			2.16	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.34	0.65	1.20	0.34	0.63			2.37	
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In process	In process			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer <sup>3</sup>		\$508	\$550	\$540	\$550	\$578			
Total Cost per Km of Line <sup>3</sup>			\$22,269	\$24,220	\$23,829	\$24,190	\$25,258				
<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).	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>					18.61%	37.55%		23.01 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		0.00%	0.00%	80.00%	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.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.33	1.37	1.54	1.57	1.12				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.61	0.64	0.70	0.65	0.61				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.98%	8.98%	8.98%	8.98%			
			Achieved	7.83%	8.50%	11.90%	8.02%	6.66%			

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, Westario Power Inc. (“WPI” or “Westario Power”) exceeded all performance targets with two exceptions being the “Average Number of Hours that Power to a Customer is Interrupted” and “Level of Compliance with Ontario Regulation 22/04”.

WPI had an excellent year from a performance standpoint. The company met or exceeded the performance measures set by the Ontario Energy Board (OEB). The company declined slightly from its 2015 service quality but remained above all industry targets. Customer Satisfaction remained above the industry standard and was consistent with WPI’s 2015 results.

As evidenced by service quality, customer satisfaction, and system reliability measures, WPI continued to provide excellent customer service to its customers with a very high level of reliability in 2016. The financial measures show that WPI continues to be a stable and financially strong distribution company in Ontario.

In 2017, WPI is committed to exceeding the OEB-set performance measures and is committed to improving on the measures in previous years. The performance improvements expected are due to WPI’s unwavering focus on making the necessary investments that will permit its employees to operate the distribution company with a high level of reliability and by responding to excellent customer feedback on the types of improvements that they expect from the company.

### Service Quality

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

WPI must connect new service for the customer within five business days, 90% of the time, unless the customer agrees to a later date. This timeline depends on the customer meeting specific requirements ahead of time (such as no electrical safety concerns in the building, customer’s payment information complete, etc.)

Over the 2012 to 2016 period, Westario Power connected, on average, over 94% of new Residential and Small Business customers on time.

This is above the industry standard of 90% for all Local Distribution Companies (“LDCs”) in Ontario. Westario Power was able to achieve this excellent result due to efficient connection procedures and a focus on providing excellent customer connection service.

- **Scheduled Appointments Met On Time**

For appointments during a utility’s regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90 % of the time.

For 2014 to 2016, Westario Power’s experience with meeting the Scheduled Appointments Met on Time metric has been a perfect 100%, exceeding the industry target of 90%. Westario Power’s process for completing appointments during the utility’s regular business hours and offering a window of time that is not more than four hours long is condition that Westario Power strives to meet. In 2017, WPI aims to continue meeting all appointments on time.

- **Telephone Calls Answered On Time**

During regular call centre hours, the utility’s call centre staff must answer phone calls within 30 seconds of receiving the call directly or having the call transferred to them, 65% of the time.

Westario Power believes that providing a better customer experience will help foster customer loyalty and advocacy. Customer loyalty is built through great customer experiences that exceed expectations, and Westario Power believes that enhancing WPI’s customer experience will help to ensure that customers perceive Westario Power’s service offerings as high value added items. For the Telephone Calls Answered within 30 Seconds metric, Westario Power maintained high percentages for qualified incoming calls during regular call centre hours at 82.9% for calls received directly or of having the call transferred. This greatly exceeds the OEB target for timely call response of 65%.

For 2017, WPI has revamped its website to provide a more user-friendly format to enhance its customer’s experience.

Westario Power continues to utilize self-serve web tools like MyHydroEye, e-billing, on-line applications and forms as well as department specific email addresses to make it easier for customers to engage with WPI staff. In addition, WPI has embraced the use of social media outlets Facebook and Twitter to continue its focus on educating and informing its customer base.

## Customer Satisfaction

- **First Contact Resolution**

Westario Power aims to address their customers' needs as quickly as possible. Ideally, their concerns and issues can be resolved the first time the customer contacts WPI. Westario Power must report on its success at meeting a customer's needs the first time WPI is contacted. First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

Westario Power tracks First Contact Resolution in its Customer Information System (CIS) tracking First Contact Resolution by using contact logs within the CIS.

Westario has measured First Contact Resolution based on the outcome of the initial contact via telephone. No further action was required on 99% of initial contact made by customers, staying consistent with 2015 results. Westario Power continues to review its processes and find ways to further enhance the customer experience.

- **Billing Accuracy**

An important part of business is ensuring that customer's bills are accurate. Westario Power must report on its success at issuing accurate bills to its customers.

Westario Power initiated the tracking and measuring of Billing Accuracy in 2014 using contact logs and computer generated reports.

Westario Power was able to support a billing accuracy metric of 99.96% for 2016 as a result of the efforts of billing staff and through continuous improvements of the billing process.

- **Customer Satisfaction Survey Results**

Westario Power uses different ways to determine how satisfied their customers are with the service they receive. WPI must report the results of whatever customer satisfaction surveys it uses.

Westario retained the services of an independent third party to conduct a bi-annual Customer Engagement Survey via telephone. The primary objective is to provide a quantitative measurement of customer perceptions and attitudes. Specifically, the study sought to determine overall satisfaction with the quality of service provided by Westario Power, determine overall satisfaction with the reliability of the service provided, assess customers' satisfaction with the quality of customer service, assess customers' perceptions of operating and capital expenditures; and provide customer feedback on areas of improvement.

Westario Power's 2015/2016 Customer Satisfaction Study showed a significant increase to 88% overall satisfaction compared to the previous bi-annual survey. Westario Power's overall quality of service at 88% is on par with the provincial average. Westario continues to train staff in providing the highest levels of professionalism and service to translate into a more positive customer experience.

## Safety

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

The equipment used to run an electricity system is extremely dangerous. Because equipment such as power lines and poles can be located in public areas, the utility must take steps to prevent electrical accidents or incidents involving the public. One way is to provide information about safety risks and precautions to take when near this equipment.

The Public Awareness of Electrical Safety Survey involves a new statistical survey that gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment in Westario Power's service area. It measures the level of effort placed by distributors on preventing electrical accidents and provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. This is the first year for providing province-wide standardized reporting on this measure. Westario will carry out a survey every two years that measures the effort made to raise the public's awareness about these risks.

Westario Power surveyed 401 members of the general public, 18 years of age or older in the spring of 2016.

The following six core measurement questions asked corresponds to the six most frequent incidents involving utility equipment in Ontario over the last decade:

- Likelihood to "call before you dig."
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

This first year of surveying the public in Westario Power's service territory about electrical safety indicates that many people have good knowledge or have received some information pertaining to the six core measurement questions. Westario Power's Public Safety

Awareness Index score is 86%.

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

Ontario Regulation 22/04 – Electrical Distribution Safety sets out safety standards that utilities must follow in their operations – for example, making sure proper procedures are in place to prevent accidents or incidents, keeping the system in safe working condition, etc.

Westario Power must demonstrate how well it met the standards by providing declarations, audit results, inspection reports and other documentation. For 2016, WPI received a “Needs Improvement” on compliance with Ontario Regulation 22/04. This rating was realized due to three components of the regulation needing improvement. These areas were; submitting modified CVP to the ESA for approval, Inconsistency in completing C3 of trouble reports and having idle poles for removal and transfer of third party attachments. For 2017, WPI will strive to improve these areas of reporting in order to move into compliance with Regulation 22/04.

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

Westario Power must report on any serious electrical incidents involving its equipment and the general public. A ‘serious electrical incident’ is defined as:

- a. any electrical contact that caused death or critical injury to a person;
- b. any inadvertent contact with any part of a distribution system operating at 750 volts or above that caused, or had the potential to cause, death or critical injury to a person;
- c. any fire or explosion in any part of a distribution system operating at or above 750 volts that caused, or had the potential to cause, death or critical injury to a person, except a fire or explosion caused by lightning strike.

For the scorecard, WPI reports both the number of incidents and how often they happen for every 10, 100 or 1,000 kilometers of line WPI operates. This reflects the different sizes of WPI’s service areas.

Westario did not have any serious electrical incidents in 2015 and 2016. The incidents in each of 2012 and 2014 were incidents involving members of the public not adhering to the respective electricity safety codes when in proximity to Westario Power’s distribution system. Westario endeavors to provide safety information and outlining the dangers that all customer need to be aware of prior to working around power lines and equipment. This includes calling our office, obtaining locates prior to digging, and obtaining references to respective codes. All information is provided free of charge to members of the public and all other interested parties. Westario continues to strive to communicate on safety throughout out distribution system through various methods including safety orientations, on-line, and telephone.

## System Reliability

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

An important feature of a reliable distribution system is recovering from power outages as quickly as possible. Westario Power must track the average length of time, in hours, that its customers have experienced a power outage over the past year.

For 2016, WPI's average number of hours that power to a customer was interrupted increased to 2.41 hours moving WPI higher than its distributor target of 2.16 hours. This increase was largely attributed to loss of power/ loss of supply caused by being an embedded distributor to Hydro One, who lost power due to severe weather.

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

Another important feature of a reliable distribution system is reducing the frequency of power outages. Westario Power must track the number of times its customers have experienced a power outage over the past year.

For 2016, WPI average number of times that power to a customer was interrupted increased to 0.63 times. This is significantly lower than its distributor target of 2.37 times. Most occurrences are attributed to loss of power/ loss of supply caused by being an embedded distributor to Hydro One, who lost power due to severe weather.

## Asset Management

- **Distribution System Plan Implementation Progress**

Westario Power's Distribution System Plan (DSP) has now been completed and is included as part of WPI's 2018 Cost of Service rate application filed in 2017. The DSP filed covered a 5 year plan for the years 2018-2022.

## Cost Control

- **Efficiency Assessment**

Westario Power must manage its costs successfully in order to help assure its customers they are receiving value for the cost of the service they receive.

WPI's total costs are evaluated to produce a single efficiency ranking. These rankings are separated into five groups which are determined by the difference between each utility's actual and predicted costs. Utilities whose actual costs are lower than predicted are considered more efficient and will be assigned to Group 1 or Group 2. Utilities whose actual and predicted costs are similar will be assigned to Group 3. Utilities whose actual costs are higher than predicted will be assigned to Group 4 or Group 5.

For 2012 to 2016, WPI has been assigned to Group 3. Westario continues to strive to achieve greater efficiency through productivity improvements and cost control, without compromising safety and reliability of the distribution system.

- **Total Cost per Customer**

Total cost is a sum of all the costs incurred by Westario Power to provide service to its customers. This amount is then divided by the WPI's total number of customers to determine the Total Cost per Customer.

Westario achieved a Total Cost per Customer of \$578, an increase of \$28 (5.10%) from the previous year. Westario continues to monitor and manage its cost structure to balance the cost effectiveness while ensuring the reliability and safety of the distribution system.

- **Total Cost per km of Line**

Total cost is a sum of all the costs incurred by Westario Power to provide service to its customers. This amount is then divided by the number of kilometers of line WPI operates to determine the Total Cost per km of Line.

Westario achieved a Total Cost per km of Line of \$25,258, resulting in an increase of 4.42% over 2015. As noted above, Westario continues to monitor and manage its distribution system in a cost effective manner while also ensuring capital investments are undertaken in a manner to maximize both safety and reliability for its customers.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Customers are encouraged to reduce the amount of power they use through conservation efforts.

Since the start of the Conservation First Framework in January 2015, Westario Power has achieved 37.55% of its Net 2015 to 2020 Energy Savings target of 23.01 GWh. WPI continues its efforts to instill a conservation culture through promotion and adoption of conservation and demand management programs.

## Connection of Renewable Generation

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

Westario Power must complete a connection impact assessment for a renewable generator within a certain timeline, and must report to the Board on how well it met those timelines.

In 2016, there were no additional Feed-In Tariff (FIT) connections and therefore no connection impact assessments required.

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

Westario Power must connect smaller generators, producing less than 10kW of power, within five business days 90% of the time, unless the customer agrees to a later date. These generators are known as “micro-embedded generation facilities.” The timeline depends on the customer meeting specific requirements ahead of time.

In 2016, there were no additional Micro Feed-In Tariff (Microfit) connections and therefore no connections required.

## Financial Ratios

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

A common way of measuring the financial health of a company is through financial ratios. The Current Ratio measures whether or not a company has enough resources (assets) to pay its debts (liabilities) over the next 12 months.

Westario's 2016 Current Ratio is a 1.12. This ratio is the lowest that it has been in the past 5 years, this decrease is the result of WPI investing its additional resources in capital projects. WPI does not foresee any issues resulting from this decreased ratio.

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

Total Debt to Equity Ratio measures the degree to which a company is leveraging itself through its use of borrowed money.

Westario's 2016 Total Debt to Equity Ratio decreased to 0.61 over 2015's ratio of 0.65. This reduction reflects Westario's ability to operate and maintain a safe and reliable distribution system, as well as fund new capital projects without incurring additional combined debt.

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

Return on Equity is the rate of return that Westario Power is allowed to earn through its distribution rates, as approved by the Ontario Energy Board. The rate of return that the Ontario Energy Board had determined for 2016 was 8.98%.

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

The Achieved Return on Equity shows Westario Power's actual Return on Equity earned in the year. Westario earned a Return on Equity of 6.66% in 2016, which is down from 8.02% in 2015. The achieved Return on Equity remained within the +/- 3% of the deemed regulatory Return on Equity. Westario has achieved an average return on equity of 8.58% over the last five years; reflecting stable earnings to support the operations and re-investment in the distribution assets, while maintaining a customer focused operation that is safe and reliable.

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.