

Scorecard - Cooperative Hydro Embrun Inc.

Performance Outcomes	Performance Categories	Measures	2013	2014	2015	2016	2017	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	90.50%	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	97.00%	97.60%	92.80%	95.20%	93.42%	⬇	65.00%		
	Customer Satisfaction	First Contact Resolution			92%	92%	95%	95			
		Billing Accuracy			99.98%	99.30%	99.74%	99.79%	⬇	98.00%	
		Customer Satisfaction Survey Results			90%	90%	85.89	85.89			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness			75.00%	75.00%	85.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	➡		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	➡		0.000	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.04	0.01	0.03	0.04	0.09	⬇		1.83	
		Average Number of Times that Power to a Customer is Interrupted ²	0.02	0.13	0.01	0.23	0.01	⬇		0.64	
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	Completed	Completed				
	Cost Control	Efficiency Assessment	2	2	1	1	1				
		Total Cost per Customer ³	\$568	\$530	\$533	\$521	\$514				
Total Cost per Km of Line ³		\$39,819	\$31,886	\$30,485	\$32,721	\$32,028					
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴			6.73%	48.63%	77.15%			1.79 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.14	3.09	2.87	2.65	1.65				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.16				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	9.36%			
			Achieved	8.43%	4.35%	1.53%	3.68%	0.72%			

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 distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
 4. The CDM measure is based on the new 2015-2020 Conservation First Framework.

Legend:

5-year trend
 ⬆ up ⬇ down ⬅ flat

Current year
 ● target met ● target not met

Cooperative Hydro Embrun Inc.

2017 Scorecard Management Discussion and Analysis (“2017 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 2017 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2017, Cooperative Hydro Embrun (“CHE”) either met or exceeded all performance targets. CHEI continues to seek new cost control measures leading to improvements in cost per customer which continued in 2017. CHE’s ranking is the most efficient group in the province – this since 2015. Going forward, the utility continued to seek cost saving solution and promoting cost sharing with neighboring utilities.

Service Quality

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

CHEI connected 100% of its 112 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). CHEI resolved the coordination between municipal and electrical distribution construction activities.

- **Scheduled Appointments Met On Time**

In 2017 CHEI scheduled 4 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

In 2017, the utility was subject to an audit of this measure where the regulator indicated that they were satisfied with the processes that were put in place and that the results of the Service Quality indicators were accurate.

- **Telephone Calls Answered On Time**

In 2017 CHEI customer service received 1,550 calls from its customers. An agent answered a call in 30 seconds or less in 93.42% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2017 result has decreased by 1.78% over 2016. This decrease represents a failure to answer 2 calls on time. CHEI's goal is to ensure that this measure will continue to improve in future years.

Customer Satisfaction

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

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

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

The utility reported results of 95%.

- **First Contact Resolution – Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2017 – December 31, 2017, CHEI issued more than 26 370 bills and achieved a billing accuracy of 99.79%. This compares favourably to the prescribed OEB target of 98%. CHEI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

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

- Utility's overall performance.

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

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

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

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

CHEI is scheduled to conduct its bi-annual customer satisfaction survey at the end of 2018. The new results will be reported in its 2018 MD&A

Safety

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

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of key electrical safety precautions among public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The utility conducted an online survey between January 12, 2018, to April 15, 2018. 434 respondents completed

the survey which resulted in an 85% score on Public Awareness. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

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

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

CHEI did not have any serious electrical incident to report in 2017.

System Reliability

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

CHEI experienced a slight increase in reliability in 2017 in comparison to 2016. The result of the increase in reliability was due to schedule outage during the year. The number of interruptions increased from 88 in 2016 to 204 in 2017.

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

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

The number of interruptions decreased from 23 in 2016 to 15 in 2017 . CHEI experienced a decrease in the average number of interruptions due to schedule outage during the year.

Asset Management

- **Distribution System Plan Implementation Progress**

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

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. CHEI was upgraded from Group 2 to Group 1 which has a stretch factor of 0.00 in 2015 and has maintained its ranking in 2017. CHEI will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CHEI’s capital and operating costs and dividing this cost figure by the total number of customers that CHEI serves. The cost performance result reported for 2017 was \$514 /customer which represented a 2% decrease from 2016.

CHEI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in both its 2014 and 2018 Cost of Service application, CHEI will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on CHEI’s capital spending plans.

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

In 2017, the total cost per Km was \$32,028 which represents a decrease of 2.16% over 2016. In 2017, CHEI experienced growth and therefore an increase in its total kilometers of lines. CHEI continues to seek innovative solutions to help ensure the cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

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

2017 was an outstanding year for conservation for Cooperative Hydro Embrun. As per the 2017 Final Verified Results Report published by the IESO, Cooperative Hydro Embrun has achieved 473 MWh of savings, which amounts to 159% of the 2017 target.

These savings, along with the 2015 and 2016 savings, account for 127% of the 2015-2017 three-year target. Therefore, at the mid-term point of the CFF, Cooperative Hydro Embrun has already achieved an impressive 77% of its entire CFF goal of 1,790MWh.

In 2017 CHEI in partnership with GreenSaver continued to focus on the commercial and institutional sector which represent CHEI's largest potential for conservation and savings. As expected, the Retrofit Program continued to generate the largest proportion of energy savings.

In the Spring of 2017, GreenSaver launched an extensive Residential Outreach campaign. The Outreach Campaign employed both local written advertisements as well as local radio campaign to promote the residential Spring Deal Days event. In addition, our team attended the Connect with Russell business community event in order to connect with and promote energy conservation to local businesses.

Lastly, GreenSaver engaged in a calling Outreach Campaign in February and March of that year, contacting 120 local businesses to personally promote energy conservation programs to each business.

The connection of Renewable Generation

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

CHEI did not have any Fit projects in 2017 and as such did not need Connection Impact Assessments

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

In 2017, CHEI connected 1 new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Both connections were connected within the prescribed time frame of five business days. CHEI works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

CHEI's current ratio declined slightly from 2.65 in 2016 to 1.65 in 2017. The change in ratio is mostly due to the debt associated with the new transformer which came into service at the end of 2017. The ratio still exceeds the indicator of good financial health.

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

In 2017, CHEI did not have any debts per se however, in accordance with Board policy the utility uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40).

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

CHEI's 2017 distribution rates were rebased and approved by the OEB in 2014 (2018 rates were approved in its 2018 Cost of Service) and included an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

CHEI's 2017 achieved ROE is 0.72% which represents a difference of 8.64% from the approved 9.36%. The low ROE is because of the new transformer which was put in service at the end of 2017 and was not included in the 2017 Rate Base. CHEI was approved new rates in 2018 which includes all its assets in service up to the end of 2018. The ROE is expected to fall within the +/- 3% deadband in 2018 and beyond.

Note to Readers of 2017 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 to include legislative or regulatory developments, financial market conditions, general economic conditions, and the weather. For these reasons, the information on future performance is intended to be management's best judgment on the reporting date of the performance scorecard and could be markedly different in the future.