

Scorecard - Innpower Corporation

9/24/2018

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	89.90%	96.40%	97.90%	94.80%	93.28%	↑	90.00%		
		Scheduled Appointments Met On Time	83.00%	94.40%	91.80%	95.60%	93.50%	↑	90.00%		
		Telephone Calls Answered On Time	67.10%	70.60%	80.40%	80.10%	80.23%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution		99.006%	98.99	99.4	99.4%				
		Billing Accuracy		99.95%	99.94%	97.97%	99.79%	↓	98.00%		
		Customer Satisfaction Survey Results		A	A	B	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%	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	2.10	4.70	1.47	1.12	1.54	↑		2.15	
		Average Number of Times that Power to a Customer is Interrupted ²	0.92	3.14	0.75	1.35	1.05	↑		1.37	
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	In Progress	In Progress				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
Total Cost per Customer ³		\$732	\$761	\$883	\$904	\$857					
	Total Cost per Km of Line ³	\$14,168	\$14,693	\$17,126	\$17,640	\$17,136					
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%	73.53%			13.01 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%							
		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)	0.63	0.41	0.78	0.80	0.88				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.30	2.04	2.03	1.78	1.78				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.78%			
			Achieved	6.70%	5.82%	7.61%	3.90%	0.94%			

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

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

Scorecard MD&A - General Overview

2017 was a transformative year for InnPower Corporation (“IPC”) as the company focused on implementing its new business plan including reframing the organization to focus on our customers’ needs and meet the challenges of organic growth in our service territory. IPC experienced a 4.76% growth rate in customers in 2017 and 2018 is trending to exceed the 2017 growth rate. IPC has met and or exceeded all Service Quality Indicator’s, Customer Satisfaction, Safety, System Reliability, Asset Management, Conservation & Demand, Connection of Renewable Generation, and has seen improvement in the areas of Cost Control and Financial Ratios. Stabilization of OM&A expenses, and increases in kilometers of line and customer growth will continue to improve the Cost Control and Financial Ratios.

Service Quality

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

In 2017, InnPower connected 93.28% of its 714 new 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 94.8% performance level measured last year, is above the OEB-mandated threshold of 90%. Note that the number of

new connection requests almost doubled (714 new connection requests as compared to 364 in 2016) and InnPower has continued to surpass the 90% target.

- **Scheduled Appointments Met On Time**

In 2017, InnPower scheduled and completed 354 (as compared to 338 in 2016) appointments to complete work requested by customers to connect/disconnect services, or otherwise discuss service options, in which the customer was met on site within a four hour timeframe. InnPower met 93.5% of these appointments on time, exceeding the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2017, InnPower's customer contact center received some 23225 calls that represents a reduction by approximately 2.4% compared to 2016. This is an average of approx. 92 calls per working day. InnPower's customer service representatives answered 80.2 % within 30 seconds, which exceeds InnPower's 2016 scorecard as well as the Ontario Energy Board prescribed target levels.

Total qualifying call volume reductions are credited to, enhanced communication and engagement strategies with customers through social media, newsletters, website updates and proactive calls to customers.

Over 50% of qualifying calls continue to be directly related to payments, payment arrangements and moving inquiries. In addition to calls, InnPower Customer Service serves between seven and eight thousand walk in inquiries annually.

Customer Satisfaction

- **First Contact Resolution**

InnPower defines "First Contact Resolution" as the number of customer enquiries that are resolved the first time they contact the utility, not resulting in the enquiry being escalated to a supervisor or manager.

InnPower measures this through Customer Service agent logged transactions. In 2017, InnPower staff logged 23,225 calls of which 138 or 0.6 % were not resolved on first contact.

Cases where first contact resolution are not met are used in training opportunities with staff. Updated scripting and procedures on a regular basis ensure consistent and quality messaging are delivered by our staff. Focus groups are scheduled in 2018 to better understand our customer needs.

- **Billing Accuracy**

For the period of January 1, 2017 through December 31, 2017, InnPower issued 201,974 bills and achieved a billing accuracy of 99.79%, which is in line with internal expectations. Monthly analysis and internal bill audits ensure InnPower maintains a high billing accuracy percentage.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a measured via a recurring 2-year cycle for InnPower Corporation customers. 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.

InnPower Corporation has undertaken focus group sessions with our customer base in 2018 to understand concerns and needs. The findings of the sessions have been implemented within the organization and InnPower anticipates an improved Customer Satisfaction survey result for 2018.

- **Public Safety**

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

Component A is measured via a recurring (2-year cycle) statistical 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 “*Public Awareness of Electrical Safety*” survey 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. InnPower undertook the survey in the 4th quarter of 2017 and achieved an 85% in the Public Awareness of Electrical Safety.

The results continue to show that most customers do have good knowledge and or have received information pertaining to the six core measurement questions. At this time, there is no set performance target by the OEB for the public awareness of electrical safety and InnPower plans to undertake another survey in the 4th quarter of 2019.

- **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 has been compliant with this regulation through 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. Over the past five years, InnPower has had zero (0) fatalities and zero (0) serious incidents within its territory. InnPower continues to perform regular site visits and rigorous safety training to identify potential hazards and communicate 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 maintained as high as possible. Outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly influence this measure.

For 2017, on average, InnPower customers were out of power, excluding major events, for 1.54 hours (SAIDI-excluding MED). This number continues to improve over the last 5-year average and is lower than our target of 2.09 hours.

InnPower continues to make investments in system reliability through smart devices such as fault indicators, switches, control systems and outage response software, which will continue to help improve overall system reliability over the long term.

- **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 a high priority for InnPower. As outlined above, outside factors can also greatly influence this measure.

For 2017, on average, InnPower customers experienced approximately 1.05 sustained interruptions over the year, excluding major events (SAIFI-excluding MED). This is a decrease from last year’s number of 1.35, which indicates that system reliability is improving. This metric also continues to be lower than the 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 its capital expenditures. Consistent with other new measures, utilities are 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 2017, InnPower’s actual capital costs were \$3.6M, compared to the OEB approved budget of \$4.4M. The reduced spend was triggered by delays in infrastructure 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 2017, 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**

The total number of customers that InnPower serves calculates total cost per customer as the sum of InnPower’s capital and operating costs, and dividing this cost figure. InnPower has experienced increases in its total costs required to deliver quality, reliable services to customers, manage customer growth and implementing mandated government directives.

The total cost per customer in 2017 is \$857 versus \$904 in 2016 (2015 - \$883) or a decrease of 5.2%. InnPower’s OM&A stabilized from 2016 to 2017 while the number of customers increased from 19,565 to 20,501, an increase of 5%. InnPower is estimating a 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 \$17,136 or a decrease of 2.9% from 2016.

InnPower's OM&A stabilized from 2016 to 2017 while the KM of line increased from 843 km in 2016 to 862 in 2017, an increase of 2.2%. 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 2017, InnPower's has achieved 73.53% or 9.56 GWh of cumulative energy savings towards our assigned target. With three remaining years of the CFF framework InnPower is well positioned to achieve the 13.01 GWh target.

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 2017, 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 2017, InnPower connected 20 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 .88 in 2017. This is a slight improvement over the previous year due to a decrease in payables, the reduction in the current portion of term debt for capital expenditures and an increase in the cash on hand at the end of the year.

- **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 2017 debt to equity ratio has remained the same as 2016 at 1.78%. 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 8.78%. 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 2017 was 0.94%, down from 3.9% in 2016. In 2016, InnPower filed a cost of service application for rates effective January 1, 2017. Due to a number of delays in the application process InnPower did not receive a decision on the 2016 cost of service application until March 2018 with an implementation date of May 1, 2018. As such, InnPower did not receive either rebased rates or an IRM rate adjustment for 2017. With the cost of service application now complete InnPower expects the 2018 achieved return on equity to increase.

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 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.