Scorecard - Innpower Corporation

9/29/2019

Performance Outcomes	Performance Categories	Measures		2014	2015	2016	2017	2018	Trend	Target: Industry	Target: 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		96.40%	97.90%	94.80%	93.28%	91.84%	↓	90.00%	
		Scheduled Appointments Met On Time		94.40%	91.80%	95.60%	93.50%	87.21%	↓	90.00%	
		Telephone Calls Answered On Time		70.60%	80.40%	80.10%	80.23%	83.85%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution		99.006%	98.99	99.4	99.4%	99.79%			
		Billing Accuracy		99.95%	99.94%	97.97%	99.79%	99.73%	↓	98.00%	
		Customer Satisfaction Survey Results		A	A	B	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%	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]		4.70	1.47	1.12	1.54	2.66	↑		2.15
		Average Number of Times that Power to a Customer is Interrupted [2]		3.14	0.75	1.35	1.05	0.88	↑		1.37
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	In Progress	In Progress	98%			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer [3]		$761	$883	$904	$857	$834			
		Total Cost per Km of Line [3]		$14,693	$17,126	$17,640	$17,136	$17,231			
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%	84.00%			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)		0.41	0.78	0.80	0.88	0.94			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		2.04	2.03	1.78	1.78	1.61			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.78%	8.78%			
			Achieved	5.82%	7.61%	3.90%	0.94%	11.47%			

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 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend:

5-year trend: ↑ up ↓ down → flat

Current year: target met; target not met

2018 Scorecard Management Discussion and Analysis ("2018 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 2018 Scorecard MD&A:

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

Scorecard MD&A - General Overview

2018 was a growth year for InnPower which saw a number of changes to InnPower's team, processes and operations. InnPower continued its strategy of reorganizing and refocusing on customers needs while continuing to meet the challenges placed on a fast growing utility. InnPower saw an increase in its customer base of 2.4% and an increase in its KM of distribution lines of 2%.

With extensive growth in land development in our Service Territory, InnPower will experience significant capital additions over the coming five years to energize previously unserviced areas. InnPower spent time and resources in 2018 identifying areas in its distribution system which over the years were contributing to customer outages. New tools and processes have been implemented to reduce the time to identify and rectify issues. Resolving and rectifying identified ongoing issues involving faulty equipment and tree encroachments will allow for improved system reliability in the future.

InnPower's 2016 Cost of Service application was completed in March 2018 with rates implemented May 1, 2018. InnPower's financial position improved in all its financial ratio's which assisted in achieving a positive return on equity.

Service Quality

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

  In 2018, InnPower connected 91.84% of its 723 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). This result, although slightly lower than the 93.28% performance level measured last year, is above the OEB-mandated threshold of 90%. It is to be noted that the number of new connection requests increased (723 new connection requests as compared to 714 in 2017) as compared to 2017.

- **Scheduled Appointments Met On Time**

  In 2018, InnPower scheduled and completed 334 appointments to complete work requested by customers to connect services, disconnect services, or otherwise discuss service options in which the customer was met on site. Due to a change in personnel, management and implementation of new work procedures the utility met 87.21% of these appointments, falling slightly short of the industry target of 90%. It is submitted that the number of appointments saw an 8% increase from 2017.

  Additionally, InnPower scheduled 5582 (as compared to 4836 in 2017) appointments for work in which the customer was not met on site and competed in 5 business days. Of the 5582 scheduled appointments, 5317 appointments, or 95.25% were completed in 5 business days. With the increase in appointments, InnPower has instituted measures to meet this increased demand and is now consistent in meeting the OEB mandated threshold for this metric.

- **Telephone Calls Answered On Time**

  In 2018, InnPower's customer contact center received 23,330 calls that represents a minor increase compared to 2017. This is an average of approx. 92 calls per working day. InnPower's customer service representatives answered 83.85 % within 30 seconds, which exceeds InnPower's 2017 scorecard as well as the Ontario Energy Board prescribed target levels of 65%. Total qualifying call volume remain similar despite customer growth due to continued 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 served over 5400 walk-in inquiries.

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 2018, InnPower staff logged 29,176 inquiries of which 80 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 were held in February 2018, which gave us an opportunity to understand our customer concerns as well as point out areas we are doing well.

- **Billing Accuracy**

  For the period of January 1, 2018 through December 31, 2018, InnPower issued bills and achieved a billing accuracy of 99.73%, 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. InnPower will be undertaking its customer satisfaction survey beginning in August 2019.

Safety

- **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 2018 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 3rd 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**

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 2018, on average, InnPower customers were out of power, excluding major events, for 2.66 hours (SAIDI-excluding MED). This was a result of faulty equipment and tree encroachments into overhead distribution lines. InnPower has taken steps to readily identify, troubleshoot and sectionalize problem areas in order to minimize outages going forward. 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 2018, on average, InnPower customers experienced approximately 0.88 sustained interruptions over the year, excluding major events (SAIFI-excluding MED). This is an improvement from last year's number of 1.05, which indicates that system reliability is improving. This metric also continues to be lower than the distributor's target of 1.37. 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 its capital planning and asset management process by means of planned versus actual costs. In 2018, InnPower's actual capital costs was $4.9M, compared to the OEB approved budget of $4.4M. The increased spend was triggered primarily by anticipated growth and closeout of prior year work-in-progress (WIP) projects. On a 5-year average, InnPower is meeting its approved spending targets prescribed by the OEB.

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 2018, 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 divided by total customers. InnPower has experienced increases in total costs required to deliver quality, reliable services to customers, manage customer growth and implementing mandated government directives.

  The total cost per customer in 2018 is $834 versus $857 in 2017 (2016 - $904) or a decrease of 2.7%. InnPower's OM&A has stabilized while the number of customers increased from 20,501 to 20,955, an increase of 2.4%. InnPower is estimating steady customer growth throughout the service territory for the next 20 to 25 years. InnPower will manage on-going infrastructure investment and maintenance to ensure customer growth exceeds costs growth which will lead to a continued decline in costs 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 $17,231 or an increase of less than 1% from 2017.

  InnPower's OM&A has stabilized while the KM of line increased from 862 km in 2017 to 879 in 2018, an increase of 2%. InnPower is anticipating built out growth for its territory over 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 2018, InnPower's has achieved 84% or 10.93 GWh of cumulative energy savings towards our assigned target. On March 21, 2019 the provincial government moved CDM activities away from LDC's and centralized CDM programs through the IESO.

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 2018, 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 2018, InnPower connected 25 new micro-embedded generation facilities within its territory, 23 Micro-FIT and 2 net metering. 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 0.94 in 2018. This is an improvement over the previous year due to a decrease in payables and customer deposits and an increase accounts receivable and unbilled revenue.

- **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 debt to equity ratio dropped from 1.78 in 2017 to 1.61 in 2018. 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, county and municipal 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. InnPower is continuing to work towards reducing the debt to equity ratio.

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

  InnPower's current distribution rates are approved by the OEB and include a deemed regulated 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 2018 was 11.47%, up from 0.94% in 2017. 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. Included in the May 1, 2018 rates was a foregone revenue rate rider to cover the period January 1, 2018 through April 30, 2018. With the completion of the rate application in 2018 InnPower is continuing to look towards the future for increased efficiencies as the customer base continues to increase.

Note to Readers of 2018 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.