

Scorecard - Brantford Power Inc.

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	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	100.00%	99.50%	99.70%	99.59%	99.52%		90.00%		
		Scheduled Appointments Met On Time	100.00%	99.70%	99.80%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	76.90%	75.30%	67.10%	73.18%	85.24%		65.00%		
	Customer Satisfaction	First Contact Resolution	82%	82.75	84.20%	86.5	86.84				
		Billing Accuracy	100.00%	99.94%	99.89%	99.89%	99.84%		98.00%		
		Customer Satisfaction Survey Results	95%	94	94%	95	95%				
<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		81.00%	81.00%	84.00%	84.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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 <sup>2</sup>	0.42	0.51	0.45	0.29	0.68			0.40	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.66	0.99	1.24	1.07	0.89			0.86	
	Asset Management	Distribution System Plan Implementation Progress	87.4%	80.9	85.1%	100.2	101.9%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$503	\$512	\$528	\$504	\$527				
		Total Cost per Km of Line <sup>3</sup>	\$39,047	\$40,235	\$41,385	\$39,369	\$41,221				
<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>		13.73%	35.74%	67.08%	70.00%			64.32 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	85.71%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	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)	1.92	1.99	2.16	2.14	2.17				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.11	1.03	0.96	0.89	0.83				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.78%	8.78%			
			Achieved	11.15%	11.06%	6.53%	11.38%	7.90%			

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](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

## Scorecard MD&A - General Overview

In 2018, Brantford Power Inc. (“Brantford Power”) exceeded all performance targets with the exception of the measures for “Average Number of Hours that Power to a Customer is Interrupted” and “Average Number of Times that Power to a customer is Interrupted”. Despite missing these specific measures, Brantford Power’s performance compared favourably to the industry average for 2018.

2018 is the fifth year that Brantford Power has reported on its customer satisfaction measures. The results for the Customer Satisfaction performance category exceed the industry performance and have improved over the 2016/2017 results.

Brantford Power strives to maintain or improve its overall scorecard performance by monitoring key performance measures throughout the year and addressing issues as they arise. Brantford Power plans to undertake initiatives which will mitigate risks, allowing continued delivery of the current performance levels.

Customers are encouraged to review the specific commentary on each of the reported performance categories outlined on the Scorecard in order to obtain further information on the particular measures. Brantford Power welcomes any customer feedback regarding its 2018 Scorecard.

## Service Quality

### • New Residential/Small Business Services Connected on Time

In 2018, Brantford Power connected 206 of 207 or 99.52% of eligible low-voltage customers, those utilizing connections under 750 volts, to the local distribution system within the five-day timeline prescribed by the Ontario Energy Board (OEB). The result exceeds the industry average of 90% and is the sixth year that Brantford Power has achieved over 99%. Brantford Power continues to focus on maintaining and coordinating the appropriate engineering, construction, and operations resources in order to meet the expectations of its customers.

### • Scheduled Appointments Met On Time

Brantford Power scheduled 672 appointments in 2018 to complete work requested by its customers. 100% of this work, which included the connection and reconnection of services, inspections, and meter reading, was completed within the required timelines and in keeping with customer expectations. Brantford Power exceeded the industry target of 90% and has been above 99% for six years in a row.

### • Telephone Calls Answered On Time

Brantford Power’s Customer Care team handled 35,459 calls in 2018 with 30,227 of those calls, or 85.24%, answered within 30 seconds. The outcome exceeds the prescribed target of 65% and represents a year-over-year improvement. The notable increase is attributable to streamlining customer care processes and call handling, and an increase in training and coaching.

## Customer Satisfaction

- **First Contact Resolution**

At Brantford Power, First Contact Resolution is measured through a random survey of 600 customers who had contact with Brantford Power between January and December each year. The result of 86.84% for 2018 indicates that the majority of customers responded favourably when asked whether their specific question or issue was resolved during their initial contact with Brantford Power's customer care team, and this represents an increase over the 2017 outcome of the equivalent survey.

- **Billing Accuracy**

The OEB prescribed a measurement and target for billing accuracy which has applied to all electricity distributors since October 1, 2014. For the period of January 1 to December 31, 2018, Brantford Power issued 488,877 bills and achieved a billing accuracy result of 99.84%. This result is consistent with previous years' outcomes and exceeds the OEB's target of 98%.

- **Customer Satisfaction Survey Results**

In 2017, and in keeping with the OEB's requirement to measure and report customer satisfaction results every other year, Brantford Power used a leading market research organization to conduct a survey, which included questions focused on the key areas of: power quality and reliability; price; billing and payment; communications; customer service experience; and brand image.

Brantford Power's "Top 3-Box" overall satisfaction result of 95% was derived from the input of 500 residential and 100 business customers who were asked to provide a rating ranging from 1 (not at all satisfied) to a rating of 5 (very satisfied) for each key area. The same methodology has been used consistently since 2015, and has proven valuable in identifying both customer preferences and opportunities for improvement, many of which have been incorporated into determining Brantford Power's operational priorities. For the purpose of meeting the OEB deliverable, Brantford Power intends to complete its next survey in 2019. Brantford Power will also maintain its regular practice of annually surveying 600 customers who have made contact with the distributor to monitor satisfaction on an ongoing basis.

## Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customer's point of view as safety of the distribution system is a high priority. The safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

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

The Public Awareness of Electrical Safety component of this measure was introduced in 2015, with an OEB requirement to measure and report the result every two years. In early 2018, Brantford Power completed the prescribed and standardized survey of randomly selected residents in its service territory. These individuals scored 84% on their awareness of electrical safety, an improvement over the last reported result of 81%. Brantford Power remains committed to improving the public's awareness of electrical safety through a number of channels, including the continued sponsorship of events at the Children's Safety Village of Brant, and the promotion of electrical safety practices through our website, social media and as host of an annual powerline safety seminar for local contractors, businesses and first responders.

## ○ **Component B – Compliance with Ontario Regulation 22/04**

Over the past six years, Brantford Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved through a strong commitment to safety, and adherence to company procedures and policies. 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.

## ○ **Component C – Serious Electrical Incident Index**

For the past six years, Brantford Power has recorded zero serious electrical incidents. Brantford Power owns and maintains over 500 km of high voltage distribution feeders in the City of Brantford. Brantford Power actively promotes public safety through a number of channels including the company's website, its social media account, an ongoing partnership with the Children's Safety Village of Brant and at community safety events. Brantford Power also hosts an annual powerline safety seminar for local contractors, businesses and first responders.

## **System Reliability**

Brantford Power customers experienced an average outage duration of 0.68 hours (40.8 minutes) during 2018, representing an increase in outage minutes compared to 2017 and a longer duration than the target for the year. The main causes of the outages that led to hours of interruption were adverse weather and defective equipment. Included in these statistics were outages caused by a flood in February 2018, during which a state of emergency was declared in Brantford.

For the past three years, Brantford Power customers have experienced a decrease in the average number of times that power was interrupted. On average, a customer experienced less than 1 interruption during 2018 (0.89). Brantford Power's reliability statistics remain among the best in the province. The main causes of customer outages in 2018 were adverse weather and tree contact.

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

The number of interruption hours increased to an average of 0.68 outage hours per customer compared to Brantford Power's 2017 performance. This is 0.28 outage hours or 16.8 minutes more than Brantford Power's target and was related to several significant weather events including flooding, a wind storm, and an ice storm in 2018.

Brantford Power continues to view reliability of electricity service as a high priority for its customers and, as such, has identified a number of initiatives expected to reduce the number of interruption hours in coming years. Specifically, Brantford Power will continue to install smart fault indicators remotely reporting to our SCADA system to reduce the time required to locate faults. Brantford Power also plans to install additional automated reclose switches to enable automatic isolation of faulted sections of feeders and inter-tie its feeders. Lastly, Brantford Power is proactively utilizing its inspection data and continuously executing its maintenance activities (including vegetation management).

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

Compared to 2017, the average number of times that power was interrupted decreased by 0.18 to an average of 0.89 outages per customer in 2018.

The scorecard target for outage interruptions is based on Brantford Power's own average performance from 2012 to 2016. The average number of interruptions to a customer during this time period was 0.86. Brantford Power's 2018 results represent an increase over that target average of 0.03 outages per customer.

Brantford Power has identified initiatives that are expected to reduce the frequency of outages experienced by its

customers. Specifically, Brantford Power will continue to install equipment on its longer feeders to improve voltage characteristics, install additional automated reclose switches to reduce the number of customers impacted by faults on a feeder, install switching devices that will enable automatic fault isolation and restoration and plans to install an outage management system to improve internal and external communications during outages.

## Asset Management

- **Distribution System Plan Implementation Progress**

Brantford Power filed an application with the OEB for a full review of its rates effective January 1, 2017. As part of this application, Brantford Power filed a Distribution System Plan (DSP) covering the forecast period of 2017 to 2021.

Brantford Power has reported 101.90% completion of its cumulative DSP budget expenditures which shows that the company is on track with its DSP plan for 2017 and 2018.

This is the second year that Brantford Power is reporting against its DSP as 2017 was the first year available to measure the Distribution System Plan Implementation Progress. The annual targets for DSP implementation represent the cumulative spending for each year in the DSP. Brantford Power compares the actual cumulative spending during our DSP period against these annual targets.

Brantford Power is also aware of the OEB's intent to create a uniform methodology for distributors to measure their Distribution System Plan Implementation, and will apply this methodology when it is available.

## Cost Control

- **Efficiency Assessment**

Electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2018, for the sixth year in a row, Brantford Power was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered "average efficiency" – in other words, Brantford Power's costs are within the average cost range for distributors in the Province of Ontario. In the 2018 report (based on 2018 efficiency levels), 41% (26 distributors) of Ontario distributors were ranked as "average efficiency"; 40% were ranked as "more efficient"; and 19% were ranked as "least efficient".

Over the last three years Brantford Power has been trending towards the more efficient group by realizing increasingly favourable actual-to-predicted cost variances of -4.36%, -8.24% and -9.38% respectively for 2016, 2017 and 2018.

- **Total Cost per Customer**

Total cost per customer is calculated by dividing Brantford Power's total cost by the total number of customers that Brantford Power serves. The total cost is the sum of Brantford Power's capital and operating costs.

The per-customer cost result for 2018 is \$527, which is a 4.56% or \$23 per customer increase over 2017. The total cost in 2018 was \$1,062,604 or 5.32% higher than the level reported in 2017. When comparing the 2018 level to the per customer costs reported five years ago (\$503 – 2014), the 2018 level reflects the accumulated impact of average annual cost increase of approximately 1% per year during this period. Brantford Power saw higher costs in 2018 due to a one-time increase in OM&A expenses necessary to make the investment in our new Customer Information System (CIS). Cost levels related to this project implementation are expected to decrease following the completion of the CIS project in 2019.

Brantford Power is continually looking for ways to improve its business processes to enable it to comply with increasing responsibilities for local distribution companies without negatively impacting overall costs to the customers where possible. In the coming years, changing demographics introduce a risk in the area of resources to perform core operational functions. Brantford Power's planning indicates that staffing levels required to maintain performance levels and meet future demands, along with the business systems necessary to support them, will mark a departure from the trend in headcount and compensation costs seen in previous years.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometres of line that Brantford Power operates to serve its customers. The result of \$41,221 represents a 4.70% or \$1,852 increase. A discussion of the cost drivers can be found in the section above.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Brantford Power's assigned target under the 2015-2020 "Conservation First Framework" (CFF) is 64.32 GWh or 64,320 MWh of energy savings.

The Independent Electricity System Operator (IESO) verified that as of December 2018, Brantford Power achieved net energy savings of 45,024 MWh, representing 70% of its total CFF target. This performance is consistent with the level of progress expected to date.

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving a complete application. In 2018, Brantford Power completed zero CIAs and therefore achieved 100% compliance with this standard.

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

Electricity distributors are required to connect micro-embedded generation facilities within five business days of receiving all required authorizations, signed agreements and connection fees. Brantford Power connected five micro-embedded generation facilities in 2018. All five micro-embedded generation facilities were connected inside the prescribed time limit, producing a result of 100%, which exceeds the industry target of 90%.

## Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations. Brantford Power's current ratio increased from 2.14 in 2017 to 2.17 in 2018. Brantford Power continues to report a strong liquidity position maintaining a current ratio of approximating two times.

- **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). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

Brantford Power's leverage position has declined to 0.83 indicating that the current outstanding debt is slightly less than the equity level. In order to fund Brantford Power's proposed DSP, which includes provision for new operating facilities,

Brantford Power will be securing \$25,000,000 in additional long-term borrowings in 2019 and 2020 to finance the capital program necessary to add new infrastructure or replace aging infrastructure and equipment as their useful lives expire. This will ensure Brantford Power maintains its reliability performance, and provide funding for necessary investments to improve productivity and meet other customer requirements. Once this external financing is secured, Brantford Power expects its Total Debt to Equity Ratio to range between 1.00 and 1.10.

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

Brantford Power's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.78%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. 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.

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

Brantford Power's return achieved in 2018 was 7.90% which is within the +/-3% range allowed by the OEB, which is considered to reflect a healthy level of financial performance.. Brantford Power's 2018 profitability reflects a decrease from the previous years' trend. This is largely attributable to a one-time increase to OM&A costs related to the implementation of a new Customer Information System.

## 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.