

Scorecard - Ottawa River Power Corporation

9/29/2019

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	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%	100.00%	98.57%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	99.14%	98.64%		90.00%		
		Telephone Calls Answered On Time	99.90%	99.90%	99.90%	99.87%	99.92%		65.00%		
	Customer Satisfaction	First Contact Resolution	97%	97.5%	98.2	98.8%	98.5%				
		Billing Accuracy	99.95%	100.00%	99.99%	99.98%	99.90%		98.00%		
		Customer Satisfaction Survey Results	Satisfied	Satisfied	78.8%	78.8%	80.3%				
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		82.20%	82.20%	80.40%	80.40%				
		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	1.24	3.95	1.55	0.95	0.53			1.92	
		Average Number of Times that Power to a Customer is Interrupted ²	0.79	2.56	0.84	0.62	0.24			1.22	
	Asset Management	Distribution System Plan Implementation Progress	In Progress	OEB Approved	Implemented	Implemented	Implemented				
	Cost Control	Efficiency Assessment	3	3	3	3	2				
		Total Cost per Customer ³	\$471	\$478	\$487	\$501	\$484				
		Total Cost per Km of Line ³	\$30,544	\$29,277	\$30,052	\$11,368	\$11,104				
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		31.88%	54.46%	82.01%	97.00%			8.72 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%					90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.77	2.35	1.53	1.49	1.46				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.72	0.70	0.72	0.70	0.64				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.19%	9.19%	9.19%			
			Achieved	6.31%	4.27%	6.32%	11.82%	13.56%			

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

Ottawa River Power Corporation has continued to meet or exceed all of its performance targets in 2018. Notably, the average number of hours that power to a customer was interrupted and the average number of times that power to a customer was interrupted has decreased from 2017. However, aging distribution infrastructure continues to be the primary challenge as capital costs rise. The utility also improved its Efficiency Assessment from Group 3 to Group 2 and is showing strong financial health. Ottawa River Power Corporation will strive to match or improve upon these results in 2019 with continued investment in infrastructure and the implementation of various efficiencies and improvements.

Ottawa River Power Corporation prides itself on its accessibility and quality of service to customers. It makes every effort to engage its customers on a regular basis and remains committed to provide its customers with the most reliable service at the least possible cost.

Service Quality

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

In 2018, Ottawa River Power Corporation connected all of its new low-voltage requests within five working days of all applicable service conditions being met. This result remains consistent with prior year percentages and exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Ottawa River Power considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Ottawa River Power prides itself on being a small pliable utility able to respond to its customers’ needs quickly and it expects to continue to exceed the mandated target.

- **Scheduled Appointments Met On Time**

Ottawa River Power Corporation scheduled 294 appointments that required the presence of the customer in 2018. This includes appointments to connect services, disconnect services, complete customer underground locates, attend customer premises for delivery of conservation and demand management programs or complete other work requested by its customers. Ottawa River Power Corporation kept the appointment date and time for 98.64% of appointments, which exceeds the mandated target of 90% for this measure. Ottawa River Power considers “Scheduled Appointments Met on Time” as an important form of customer engagement and expects to maintain this quality of service in the future.

- **Telephone Calls Answered On Time**

In 2018, Ottawa River Power Corporation received 17,852 telephone calls from its customers which represents an average of 70 calls received per day. The call volumes is attributed to customer preference to contact Ottawa River Power by telephone and it considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. Consistent with prior years, a customer service representative answered 99.92% of these calls in 30 seconds or less which far exceeds the Ontario Energy Board’s mandated target of 65% for this measure. Ottawa River Power expects this trend to continue into the foreseeable future.

Customer Satisfaction

- **First Contact Resolution**

First contact resolution is a measure introduced by the Ontario Energy Board that measures a utility’s success at meeting a customer’s needs the first time the utility is contacted. Distributors use a range of approaches to assess their effectiveness in regards to this measure. Ottawa River Power Corporation measures its effectiveness based on the number of customer enquires that are resolved by the first contact at the utility, not resulting in the enquiry being escalated to an alternate contact at the utility, typically a supervisor or a manager. This includes enquiries received telephone, mail, e-mail or in person. Ottawa River Power Corporation achieved a first contact resolution of 98.5% in 2018. The utility considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction and will aim to match or exceed its 2018 results in the years to come.

- **Billing Accuracy**

Billing is the main form of communication with customers and Ottawa River Power Corporation strives to communicate clearly and accurately with its customers. In 2018, Ottawa River Power Corporation achieved a billing accuracy of 99.9%, which represents a percentage expressed as the total number of accurate bills issued compared to the total number issued. This percentage remains consistent with prior years and meets the mandated target of 98%.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board has not yet issued a common definition for this measure as utilities use different approaches and methodologies to assess how satisfied their customers are with the service they receive.

A satisfaction survey was completed in the winter of 2018 with Ottawa River Power Corporation receiving an overall score of 80.3%. The survey was completed in all four service areas: the City of Pembroke, the Village of Beachburg, the Village of Killaloe and Almonte Ward. A total of 364 residential customers and 36 general service customers completed the survey. Question scoring and index methodologies were prescribed by the Electricity Distributors Association to meet the reporting guidelines.

Safety

- **Public Safety**

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

Component A consists of a statistical survey that 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.

Ottawa River Power Corporation has a survey completed every 2 years and had a survey completed in 2018. This survey assessed customer awareness at 80.4% with regard to electrical safety concepts in its system. This remains fairly consistent with prior years as Ottawa River Power Corporation continues its effort to raise the public's awareness about the risks surrounding the equipment used to run the electricity system.

- **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, Ottawa River Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by 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. Ottawa River Power had zero fatalities and no serious incidents within its territory in 2018.

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 used to assess the reliability of a distributor's system to supply power to its customers with minimal interruptions. This measure expresses the average amount of time, per reporting period, supply to a customer is interrupted. Ottawa River Power Corporation views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Ottawa River Power Corporation also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible.

In 2018, Ottawa River Power Corporation continued its downward trend reducing the average number of hours that power is interrupted achieving a five-year low of 0.53. This is below the target of 1.92 prescribed by the Ontario Energy Board. The utility hopes to further improve this average with the implementation of its Distribution System Plan in the years to come.

- **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 Ottawa River Power Corporation. This is measured based on the total customer interruptions (excluding those caused by loss of supply events) divided by the average number of customers served.

Ottawa River Power's target for 2018 was 1.22 as set by the Ontario Energy Board whereas 0.24 was achieved. This measure has also seen a downward trend over the past five years and the utility hopes to further improve this average with the implementation of its Distribution System Plan in the years to come.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan Implementation Progress measure is used to track a utility's progress in relation to their system plans. The Distribution System Plan outlines Ottawa River Power Corporation's forecasted capital expenditures over the next five years, which are essential to maintain and expand the utility's electricity system to serve its current and future customers. Distributors are given the opportunity to use a range of approaches to measure their effectiveness at implementing their distribution system plan. As a result, this measure may differ from other utilities in the province.

Ottawa River Power Corporation implemented its Distribution System Plan on July 1, 2016. For the purpose of this measure, Ottawa River Power Corporation compares the total projects completed at the end of a year against the number of budgeted projects from the beginning of the year. For 2018, all capital projects occurred as planned.

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, Ottawa River Power was placed in Group 2 in terms of efficiency. Group 2 is considered above average and is defined as having actual cost savings of more than 10% as compared to predicted costs. This result is an improvement over the results of previous years. Group 2 utilities rank within the 25 most cost-efficient distributors of the 63 distributors across the province. Although Ottawa River Power Corporation's future goal is to attain the highest efficiency assessment, management's expectation is that its efficiency performance will remain stable in the foreseeable future.

- **Total Cost per Customer**

Total Cost per Customer is calculated as the sum of a distributor's capital and operating costs and dividing that sum by the total number of customers that the distributor serves. In 2018, Ottawa River Power Corporation achieved a 3-year low in its total costs required to deliver quality and reliable services to customers. However, growth in wage and benefits costs for employees, investments in new information systems technology and the renewal and growth of the distribution system all contribute to the upward trend of total costs.

In 2018, Ottawa River Power Corporation's total cost per customer was \$484 compared to \$501 in 2017 which represents a decrease of 3.4%. Ottawa River Power will continue to strive to implement efficiencies and other improvements to help offset costs associated with the distribution system enhancements while ensuring to maintain reliability and quality of its distribution system.

- **Total Cost per Km of Line**

This measure uses the total distributor's capital and operating costs and divides it by the total kilometers of line. Based on this, Ottawa River Power Corporation's rate is \$11,104 per kilometer of line, which is consistent with the rate of \$11,369 per kilometer of line in 2017. The cost per kilometer of line is expected to increase as capital and operating costs also increase. As we progress into the future, Ottawa River Power Corporation will continue to seek innovative solutions to help ensure this cost remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Resulting from the Long Term Energy Plan, the Ontario Energy Board received a directive on March 31, 2014 from the Minister of Energy pursuant to sections 27.1 and 27.2 of the Act (altogether, the "Conservation Directive") requiring the Board to take steps to promote Conservation and Demand Management (CDM) including amendment to the licenses of electricity distributors and establishment of CDM Requirement guidelines. The Conservation First Framework 2015 - 2020 for electricity CDM in Ontario has been developed by the Independent Electricity Systems Operator with a provincial target of 7 terawatt-hours. The Independent Electricity Systems Operator supported this initiative through a number of OEB approved CDM programs designed to conserve electricity across all classes of electricity customers.

By the end of 2018, Ottawa River Power achieved 97.00% of its Net Cumulative Energy Savings target for 2020 of 8.72 GWh. This was achieved by identifying and pursuing opportunities with the large commercial, institutional, industrial and residential customers. On March 21, 2019, the Independent Electricity Systems Operator received a Ministerial Directive terminating the Conservation First Framework 2015-2020. Ottawa River Power will be winding down the program over the remainder of 2019.

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 receiving authorization from the Electrical Safety Authority. Ottawa River Power has developed and implemented an internal procedure to ensure compliance with this regulation. All CIAs are conducted internally by Ottawa River Power. Ottawa River Power did not conduct any CIAs in 2018.

- **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, Ottawa River Power Corporation had no micro-embedded generation applications. Connection of projects are required to be connected within the prescribed timeframe of five business days. The Ontario Energy Board's mandated target is 90% for this measure. Ottawa River Power Corporation's process for these projects is well documented and the utility works closely with its customers and their contractors to ensure the customer's needs are met.

Financial Ratios

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

There are four ratios used in the scorecard to help measure the financial health of the utility. This first ratio measures whether or not the utility has enough resources to pay its short-term debts. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Ottawa River Power Corporation's current ratio is 1.46 for 2018 which is within a healthy range. Ottawa River Power Corporation's current ratio is expected to remain stable in the years to come.

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

This second ratio measures the degree to which the utility is leveraging itself through its use of borrowed money. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity resulting in a debt to equity ratio of 1.5 when setting rates for a utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

Ottawa River Power Corporation attained a debt to equity ratio of 0.64 in 2018 which is very consistent with previous years. Although this is a lower debt-to-equity than expected by the Ontario Energy Board, Ottawa River Power Corporation is satisfied with its level of profit as it has been able to continue to keep its rates to customers lower than many distributors. Ottawa River Power Corporation expects this ratio to increase in the coming with additional large capital projects requiring financing.

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

Regulatory return on equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the Ontario Energy Board. Return on equity demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. Ottawa River Power Corporation's 2018 distribution rates were approved by the Ontario Energy Board and included an expected (deemed) regulatory return on equity of 9.19%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure.

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

Ottawa River Power Corporation achieved a return on equity of 13.56% in 2018. As a result of a shift from maintenance to capital expenditures and a general increase in capital spending, the 2018 ratio fell outside the +/-3% range allowed of 9.19% by the Ontario Energy Board. The utility's average return on equity from 2014 to 2018 is 8.46, which is within the deemed regulatory return specified in Ottawa River Power Corporation's approved rates.

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.