

Scorecard - Centre Wellington Hydro Ltd.

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%	96.60%	97.90%	99.30%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	99.40%	91.70%	97.60%	98.90%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	99.90%	99.70%	99.60%	99.30%	98.81%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution			99.47	99.65	99.84				
		Billing Accuracy		99.99%	99.98%	99.99%	99.98%	↔	98.00%		
		Customer Satisfaction Survey Results		A	A	77.3	77.30				
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			84.10%	84.10%	85.60%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	NI	↔		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	2.87	0.02	0.14	0.10	0.13	↓		0.89	
		Average Number of Times that Power to a Customer is Interrupted ²	0.89	0.08	0.06	0.11	0.08	↓		0.66	
	Asset Management	Distribution System Plan Implementation Progress		80	89	86.36	92				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$614	\$617	\$654	\$677	\$684				
Total Cost per Km of Line ³		\$27,271	\$27,509	\$29,247	\$30,086	\$30,334					
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			18.11%	37.11%	70.55%			8.73 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%		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)	2.08	1.70	2.26	1.76	1.42				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.89	0.98	1.16	1.16	1.15				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	10.40%	10.96%	8.13%	4.01%	3.54%			

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

Overall Centre Wellington Hydro’s (CWH) 2017 scorecard results show continued high performance. Our commitment to customer focus and putting our Customers’ needs first resulted in high Service Quality and Customer Satisfaction scores that far exceed targets. Safety is of the utmost importance at CWH and there have been no serious electrical incidents over the last five years. The Public’s awareness of safety is apparent as seen through the Public Safety Awareness survey results as recorded. CWH received a needs improvement on its compliance audit which is explained below under the Safety discussion. System Reliability scores show CWH’s customers can expect minimal outages and short outage duration times that are much lower than the provincial average, indicating CWH’s effective ability to manage its distribution system and maintain and replace assets appropriately. The Cost Control section shows CWH is not only replacing and maintaining assets at an appropriate level and pace, we are also prudently doing so as evidenced through a minimal increase of 1% or less for Total Cost per Customer and Cost per Km of line. Conservation and Demand Management results over 2017 show CWH’s proactive relationship with residential and business customers is paying off as customers continue to take advantage of reducing electric consumption. CWH’s financial position is sound and detailed explanations can be found below under the Financial Ratios section.

We encourage our customers to read through the following Management Discussion to understand CWH’s performance and to contact us for clarification and or feedback.

Service Quality

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

In 2017, CWH connected 219 low-voltage (connections under 750 volts) residential and small business customers. CWH 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. Consistent with prior years, CWH connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. CWH expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

In 2017, CWH had 149 appointments scheduled with a customer/representatives to connect services, disconnect services, or otherwise complete work requested by CWH’s customers. CWH considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all

types of appointments. Consistent with prior years, CWH met 100% of these appointments on time, which exceeds the Ontario Energy Board's mandated target of 90% for this measure.

- **Telephone Calls Answered On Time**

In 2017, CWH had 5,471 qualified incoming calls that were answered within 30 seconds from its customers. This represents a decrease of 21% in the number of calls over 2016. The decrease in call volume is attributed to increased customer engagement through emails, our website and online account access to account balances, time of use and conservation tips. CWH 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 98.81% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure.

Customer Satisfaction

- **First Contact Resolution**

CWH defines "First Contact Resolution" as the number of customer enquires that are resolved by the first contact at the utility. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person.

Customer Service Representatives log calls, walk-ins, letters, and emails. If they are unable to address the concern on the initial contact and must forward, they mark the call as "unresolved first contact" in order to be tracked as it is passed on to someone else within the organization. Of the 5,537 calls received, 9 were tagged as "unresolved first contact." This gave us a 99.84% measure for First Contact Resolution.

- **Billing Accuracy**

Billing Accuracy was introduced by the Ontario Energy Board late in 2014. It is defined as the number of accurate bills issued expressed as a percentage of total bills issued.

CWH considers timely and accurate billing to be an essential component of customer satisfaction. CWH has checks and measures in place to monitor the accuracy of the bills. CWH produced a total of 82,752 bills in 2017 and had a total of 18 inaccurate bills for the year. This gave us a Billing Accuracy Measure of 99.98%.

- **Customer Satisfaction Survey Results**

In 2017, CWH used Redhead Media Solutions Inc. to perform a Customer Satisfaction Survey. This statistical survey gathered customers' responses to a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. This survey is a useful tool for engaging the customer and to receive a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. CWH's overall satisfaction score as seen on the scorecard is 77.3%; the hyper-sensitive political climate taking place at the time of the survey (1st quarter 2017) attributed to negativity in the industry, CWH feels the survey results indicate an overall positive customer response.

Safety

- **Public Safety**

Public Safety is a scorecard measure introduced in 2014 by the Ontario Energy Board. The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

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

Component A consists of a 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. This is the second year for the public awareness survey and CWH's score was 85.60%.

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

Component B consists of a utility's 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. CWH in 2017 was flagged as "needs improvement". During a Due Diligence inspection ("DDI") performed on January 25, 2017, three "needs for improvements" were noted by the ESA inspector. CWH answered all issues satisfactorily during the DDI process. CWH has also implemented stamped pre construction drawings and Spidacalc calculations to be closely adhered to, during all future electrical plant construction.

- **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. In 2017, CWH had zero (0) fatalities and zero (0) serious incidents within its territory; which translates to a rate of zero (0) incidents per 1,000 km of line for 2017.

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. CWH views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. CWH regularly maintains its distribution system to ensure its level of reliability is maintained. For 2017, CWH's average number of hours that power to a customer was interrupted was 0.13, which is well within the range over the five-year period between 2013 and 2017. CWH attributes the low trend in outage duration to customers year over year to proactive capital and maintenance system planning and no major weather/storm events causing outages in 2017.

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

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for CWH. As outlined above, the Ontario Energy Board typically requires a utility to keep this measure within the range of its historical performance and outside factors can greatly impact this measure. CWH experienced interrupted power 0.08 times during 2017, which is well below our target and as in the above measure this is attributed to the same proactive capital and maintenance system planning and no major weather/storm events causing outages in 2017.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (DSP) implementation progress was instituted by the Ontario Energy Board beginning in 2013. The DSP outlines forecasted capital expenditures over five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess CWH's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were 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.

In 2017, CWH filed a DSP with their Cost of Service. Based on this there were 25 capital jobs planned. In 2017, CWH actually completed 22 of those jobs. This calculates to an Asset Management (Distribution System Plan Implementation Progress) rate of 92% (22/25).

Two of the uncompleted projects were started in 2017, however were moved to Work in Progress at the end of 2017, and will be completed in 2018. The third job that was not completed was a General Plant capital job for shelving that was cancelled due to space constraints.

CWH completed one additional capital job that was not within its DSP, due to the municipality's Fibre company requiring poles moved to be compliant with an audit. It is due to this additional project and a very wet spring/summer that CWH was not able to complete all of its planned capital jobs.

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, CWH remained 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**

Total cost per customer is calculated as the sum of CWH's capital and operating costs, including certain adjustments to make the costs more comparable between utilities and dividing this cost figure by the total number of customers that CWH serves. Similar to most distributors in the province, CWH has experienced increases in its total costs required to deliver quality and reliable services to customers. CWH's rate is \$684 per customer, which is around a 1% increase over 2016's Cost per Customer of \$677.

- **Total Cost per Km of Line**

CWH's rate is \$30,334 per km of line for 2017, less than a 1% increase over 2016's Cost per km of line at \$30,086. The total cost used is the same total cost mentioned in Total Cost per Customer above and is then divided by CWH's total kilometers of line within our service territory. CWH's growth rate for its territory is considered low and as a result, the cost per km of line is expected to slowly increase as capital and operating costs increase.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

On the Conservation & Demand Management (CDM) portfolio a long history exists of CWH working in collaboration with Cornerstone Hydro Electric Concepts Association (CHEC) local distribution companies (LDCs). The CHEC LDCs recognized that working together would expedite program delivery and assist in maintaining cost effective delivery of programs. For the previous framework, 2011-14 CWH was one of only 6 LDCs that met both the kWh and kW targets. While the new framework targets are challenging, CWH is continuing its efforts. In 2017, CWH reached 71% of the energy targets set for the Conservation First Framework (CFF) period from 2015 to 2020. This is an excellent start to the new framework and customer contact and interest in further involvement in the programs appear high.

CWH along with 6 other LDCs have filed a combined CDM Plan for the CFF. The CDM Plan development was a result of consultation with CHEC Members, review of historical performance and consideration of the IESO Achievable Potential Study.

CWH will offer a full range of provincial programs in the service territory and continue to work collaboratively both with CHEC and other LDCs in an effort to develop new programs at the LDC and/or regional level.

CWH has a close relationship with its customers, has been active in community events and networking opportunities within the community. These activities provide excellent vehicles to share program information, obtain input from the customers and tailor delivery methods to meet local needs.

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. CWH has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2017, CWH had no CIA's requests.

- **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, CWH connected 3 new micro-embedded generation facilities within its territory. All of these projects, 100%, 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. CWH's process for these projects are well documented and CWH works 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)**

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. 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.

CWH's current ratio decreased from 1.76 in 2016 to 1.42 for 2017. CWH's current ratio is expected to remain financially healthy into the foreseeable future.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity 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.

In 2017, CWH's debt to equity ratio is 1.15, which is close to a 54/46 ratio, indicating CWH's financial stability is sound.

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. CWH's current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 8.98%. 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 by the Ontario Energy Board.

Profitability: Regulatory Return on Equity – Achieved

CWH achieved an ROE of 3.54% in 2017, which is outside the 8.98% +/-3% range allowed by the Ontario Energy Board (see above paragraph). CWH acknowledges that they are below the +/-3% range. CWH completed a Cost of Service Application for new rates effective January 1, 2018 which should bring CWH's ROE back within the allowed range. The previous Cost of Service Application which set the base distribution rates were for rates effective May 1, 2013.

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.