

Scorecard - Orillia Power Distribution Corporation

9/23/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	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%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	99.20%	98.40%	99.70%	99.70%	92.60%		65.00%		
	Customer Satisfaction	First Contact Resolution				99.93%	99.93%				
		Billing Accuracy				99.98%	99.98%		98.00%		
		Customer Satisfaction Survey Results				A	A				
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							83.00%		
		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	0.93	0.56	1.13	2.15	1.06			1.00	
		Average Number of Times that Power to a Customer is Interrupted ²	1.27	1.89	1.03	1.28	2.44			1.26	
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In Progress				
	Cost Control	Efficiency Assessment		3	3	3	3				
		Total Cost per Customer ³	\$597	\$593	\$591	\$612	\$614				
Total Cost per Km of Line ³		\$24,768	\$31,948	\$32,280	\$33,711	\$35,448					
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							10.02%	16.58 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	75.00%	100.00%	100.00%	87.50%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time			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)	1.81	1.78	1.49	1.39	1.17				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.10	1.05	1.02	0.85	1.01				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.85%	9.85%			
			Achieved	9.93%	11.60%	11.70%	12.11%	8.99%			

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 fixed 5-year (2010 to 2014) average 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. This measure is under review and subject to change in the future.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Appendix A

2015 Scorecard Management Discussion and Analysis (“2015 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 2015 Scorecard MD&A:

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

Scorecard MD&A - General Overview

In 2015, Orillia Power met or exceeded its performance targets with the exception of the system reliability measures. Orillia Power continues to focus on system improvements that will enhance reliability going forward which includes developing and improving its asset management tools and procedures. In doing so, Orillia Power strives to extract the maximum value from all of the distribution system components and deliver reliable, cost-effective services to our customers.

Orillia Power completed a detailed Customer Satisfaction Survey in 2015 and scored well above Provincial and National averages for overall customer satisfaction. By delivering new services, such as e-billing and a variety of conservation initiatives, while also maintaining existing services and accessibility to our customer service staff, Orillia Power is working to maintain first class customer service.

In 2016, the company expects to continue to achieve or exceed its performance targets by staying focused on our customers and implementing measures that will drive continuous improvement.

Service Quality

New Residential/Small Business Services Connected on Time

In 2015, Orillia Power connected 100% of 85 (91 in 2014) 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 is consistent with previous years and above the OEB-mandated threshold of 90%. In order to provide increased efficiency and convenience for customers, where possible, Orillia Power coordinates connection activities with other planned construction activities undertaken by the utility, other utilities or municipal and provincial government agencies.

Scheduled Appointments Met On Time

Orillia Power scheduled 213 appointments (331 in 2014) with its customers and/or their representatives in 2015 to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the previous years, the utility met 100% of these appointments on time, which significantly

exceeds the industry target of 90%. The company recognizes and respects the value of customer's time and displays that by consistently exceeding the industry target in this area.

Telephone Calls Answered On Time

In 2015 Orillia Power customer service representatives received over 11,500 calls (approx. 11,000 in 2014) from its customers – approximately 45 calls per working day. A representative answered a call in 30 seconds or less 92.6% of time. This is lower than previous years (99.7% in 2014) due to a review of the calculation of this metric resulting from clarification by OEB staff. The 2015 result significantly exceeds the OEB-mandated 65% target. Customers regularly indicate to company staff that they value the ability to 'talk to a person' when they have a question or issue. Customer service staff take pride in maintaining this measure at high level as they know that is what our customers have come to expect. Orillia Power is currently reviewing the tracking process and are working with its staff to improve this measure in 2016.

Customer Satisfaction

First Contact Resolution

Orillia Power endeavors to resolve all issues and answer questions received from our customers by way of telephone calls, walk-ins, letters and email and was successful in 2015 in achieving this on first contact with its customers 99.93% of the time. The measure shown in our Scorecard represents the total number of enquiries successful answered at the first point of contact with our customer service staff divided by the total number of enquiries in the period January 1, 2015 to December 31, 2015. This is consistent with results for the partial period (July 1 – Dec 31) reported in 2014. Orillia Power staff continue to work diligently to maintain this standard throughout the year.

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future.

Billing Accuracy

In 2015 Orillia Power issued more than 162,000 bills and achieved a billing accuracy of 99.98%. Billing Accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. This compares favorably to the prescribed OEB target of 98%. Orillia Power continues to monitor its billing accuracy results and processes to ensure this success rate is maintained. In addition to ensuring a high level of billing accuracy, Orillia Power works with customers to help them better understand their bills and manage their electricity costs. Our customer friendly web portal provides valuable information for customers that want to monitor their consumption patterns and they can use that information to make adjustments where possible and save money.

Customer Satisfaction Survey Results

In 2015 Orillia Power engaged a third party to conduct a customer satisfaction survey on our behalf, with the objective to provide information that supports discussions surrounding improving customer service at all levels and departments within Orillia Power. The survey asked our customers questions on a wide range of topics, including overall satisfaction with Orillia Power, reliability, customer service, outages, billing and corporate image. Orillia Power provided input to assist the third party in developing questions that would effectively gather data about our customer expectations and needs. This data informs Orillia Power's planning process and forms the basis of plans to improve customer satisfaction and meeting the needs of our customers.

As reported in this survey, Orillia Power customers gave the company an 'A' overall for consistently providing reliable energy, handling outages and restoring power, accurate billing, quickly dealing with issues that affect customers, providing excellent quality services and making electricity safety a top priority. Orillia Power engaged an independent, highly reputable firm to conduct our survey. The firm has provided this service since 1999 for many Ontario utilities. The report provides a comparison of our company to both National and Ontario survey results, with Orillia Power scoring above average among all Ontario utilities, as well as nationally, for customer care, company image, and management operations.

A new customer satisfactory survey will be conducted in early 2017.

Safety

Public Awareness of Electrical Safety

Orillia Power's Public Safety Awareness Index score is 83%. Orillia Power engaged a third party to conduct the survey on our behalf in the spring of 2016. Results are based on a telephone survey among 400 members of the general public, 18 years of age or older, residing within Orillia Power's geographic service territory then statistically weighted for age, gender and region using 2011 Canadian census figures. The result shows that many among the general public do have good knowledge or have received some information pertaining to public electrical safety precautions. It also measures the level of effort placed by Orillia Power on preventing electrical accidents.

The ESA developed standardized questions for the survey to be conducted every two years. The ESA will monitor the effectiveness of the surveys and update survey questions, if required. The OEB will establish a performance target for Public Awareness of Electrical Safety once three years of data is gathered from distributors.

Compliance with Ontario Regulation 22/04

In 2015 Orillia Power was fully compliant with Ontario Regulation 22/04 (Audit, Declaration of Compliance, Due Diligence Inspections, Public Safety Concerns and Compliance Investigations), having met and exceeded ESA expectations with respect to Ontario Regulation 22/04. Orillia Power is working to continue this record in 2016. All the elements are evaluated as a whole and determine the status of compliance (Non-Compliant, Needs Improvement, or Compliant) in regards to the Public Safety Metric for the Public Safety Scorecard. The performance target is for the distributor to be fully compliant.

Serious Electrical Incident Index

Orillia Power is proud of its record of zero serious electrical incidents, as defined by Regulation 22/04, involving members of the public in each of the five years reported. The company is committed to continuing to educate the public on the dangers of contact with electricity through various forums as part of its ongoing customer outreach programs.

The metric details the number of and rate of "serious electrical incidents" occurring on a distributor's assets and is normalized per 10, 100 or 1,000 km of line. A "serious electrical incident" will appear as part of this component if it was determined that a member of the public was involved in the incident (i.e. caused a death, critical injury or had the potential to cause death or critical injury). The performance target is based on distributor's specific performance using the company's historical data and prior performance.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted

In 2015 the average number of hours that power to a customer was interrupted (i.e., duration) for Orillia Power was 1.06. 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.

This measure exceeds Orillia Power's target of 1.00 which represents the average of Orillia Power's performance over the last 5 years. Orillia Power experienced typical outages in 2015 due to adverse weather and tree contacts as well as an incident of defective equipment. Orillia Power identified and investigated the root cause of the equipment failure and is actively mitigating future service interruptions by proactively replacing suspect equipment identified in the field.

The reliability of Orillia Power's electrical service is a high priority for the company and our customers. The company regularly monitors our system for signs of reliability degradation. Orillia Power's System Control Centre tracks and reviews reliability performance and this data is utilized in our asset management processes to target system maintenance, upgrades and improvements in the most appropriate areas. The company expects to perform within or better than established targets in 2016.

Average Number of Times that Power to a Customer is Interrupted

In 2015 the average number of times that power to a customer was interrupted (i.e., frequency) for Orillia Power was 2.44. The average number of times that power to a customer is interrupted is an additional measure of system reliability. This measure exceeds Orillia Power's target of 1.26 which represents the average of Orillia Power's performance over the last 5 years. This measure was impacted significantly by the incident of defective equipment described above. Orillia Power is proactively replacing suspect equipment identified in the field and expects to see an improvement in this measure in 2016.

Asset Management

Distribution System Plan Implementation Progress

Orillia Power's Distribution System Plan (DSP) is 'in progress' with the understanding that the measure refers to project management progress toward the completion of the DSP document itself, and does not reflect implementation. The DSP forms a major component of a cost of service rate application to be filed with the Ontario Energy Board (OEB) for the purpose of seeking new distribution rates. A DSP consolidates documentation of the company's asset management processes and capital expenditure plan ("the Asset Management Plan").

As stewards of the electrical distribution system in the City of Orillia for over 100 years, Orillia Power has long been involved in the management of assets. Distribution systems by their nature are asset focused, capital intensive operations. There is currently a shift in the industry towards more formalized asset management practices that is being driven by the expectation of improved operational efficiency and increasing regulatory demands. This shift is supported and enabled by advances in technology, data collection and analysis capabilities. Orillia Power has achieved significant milestones in the formalization of its asset management processes and this will be a major contribution to the ultimate completion and filing of its DSP in conjunction within the context of a 'full review' rate application.

Ultimately, the implementation of a detailed DSP in conjunction with the Asset Management Plan will assist Orillia Power in achieving the strategic goals of providing a safe, reliable, efficient and cost-effective distribution system for our customers, the citizens of Orillia.

Cost Control

Efficiency Assessment

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. Total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking for each distributor. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

In 2015, consistent with the previous three years, Orillia Power's actual costs were within +/- 10 percent of predicted costs, placing us in Group 3, which is considered "average efficiency". In other words, Orillia Power's costs are within the average cost range for distributors in the Province of Ontario. Orillia Power has shown consistent improvements in this measure annually. In 2015, Orillia Power was within -8.0% of predicted costs (2014 -5.3%, 2013 -4.7%, 2012 -3.7%, 2011 -1.9%). The efficiency assessment is based on 3-year average which is -6.0% over the period 2013-2015 (2012-2014 -4.6%). Orillia Power continues to work to find efficiencies in its operations that will help to continue this positive trend.

Total Cost per Customer

Total cost per customer is calculated as the sum of Orillia Power's capital and operating costs and dividing this cost figure by the total number of customers that Orillia Power serves. Total cost performance for 2015 is \$614 per customer (2014 - \$612) which represents a 0.5% increase over 2014. Over the period 2010 through 2015, Orillia Power customers have experienced an average annual increase in Total Cost per Customer of 0.6%.

Similar to most distributors in the province, Orillia Power continues to experience upward pressure on costs required to deliver quality, reliable services to customers. Orillia Power will continue to proactively replace and upgrade distribution assets along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Orillia Power is focused on implementing productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements.

Total Cost per Km of Line

This measure uses the same total cost that is used in Total Cost per Customer described above. Total cost is divided by the kilometers of line that Orillia Power owns and operates to serve our customers. Orillia Power's 2015 rate is \$35,448 per km of line (2014 - \$33,711). Most of the 5.2% increase over 2014 is related to adjustments to the number of km of line in Orillia Power's territory as recorded in our Geographic Information System.

Orillia Power's ability to fund capital renewal through an expanded customer base is limited by a low annual customer growth rate. Along with normal increases in operating costs, cost per km of line has risen year over year. Orillia Power continues to seek innovative solutions to help ensure costs remain competitive and within acceptable limits to our customers.

Conservation & Demand Management

Net Cumulative Energy Savings

In 2015 Orillia Power offered Province-wide conservation and demand side management (CDM) programs under the legacy framework of the 2011-2014 CDM program. Orillia Power achieved 1,935,500 kWh in savings in 2015. This translates to 1,662,040 kWh (1.7 GWh) or 10.02% towards Orillia Power's 2015-2020 target of 16.58 GWh. Orillia Power's target is part of the provincial target of 7,000 GWh issued by way of a directive from the Minister of Energy to the Ontario Energy Board on March 26, 2014 to promote CDM activities in Ontario for the period January 1, 2015 to December 31, 2020 under the Conservation First Framework (CFF). A plan is in place to achieve our target through a combination of Province-wide distributor CDM programs and local distributor CDM programs.

Orillia Power's official 'in-market' date for the Conservation First Framework programs is January 1, 2016. Orillia Power must achieve a minimum of 8% of its overall target on an annual basis over the 2015-2020 period in order to comply with the terms of the CFF Energy Conservation Agreement (ECA) entered into with the Independent Electricity System Operator (IESO). Orillia Power expects to exceed this annual goal and continues to assist customers in accessing incentives and electricity savings through our CDM programs.

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

In 2015, Orillia Power completed one (1) Connection Impact Assessment (CIA) and it was completed within the prescribed time limit, resulting in the measure of 100.00% shown on the scorecard. Electricity distributors are required to conduct CIAs within 60 days of receipt of a customer's complete application where no distribution system reinforcement or expansion is required. Orillia Power has developed processes that ensure that all CIAs are done within the prescribed and continually reviews our processes to identify areas of improvement.

New Micro-Embedded Generation Facilities Connected On Time

In 2015, Orillia Power connected five (5) new micro-embedded generation facilities (microFIT projects of less than 10 kW) within the prescribed time frame of 5 business days 100.00% of the time. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers. Orillia Power works closely with our customers and their contractors to identify and resolve any connection issues to ensure the project is connected on time.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

Orillia Power's current ratio in 2015 was 1.17 (2014 - 1.39) and indicates a solid position with respect to liquidity. As an indicator of financial health, a current ratio

that is greater than 1.0 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 1.0 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. The company anticipates that its current ratio in 2016 will remain above 1.0.

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

Orillia Power’s debt to equity ratio was 1.01 in 2015 (2014 – 0.85). 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). Orillia Power’s debt to equity ratio indicates that the company has the capacity to borrow funds if required for future growth / expansion.

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

Orillia Power’s current distribution rates were approved by the OEB and include a deemed regulatory return on equity of 9.85%. The OEB may initiate a review of our approved rates if our achieved rate of return on equity is +/- 3% of our deemed return on equity (6.85% to 12.85%). 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.

Profitability: Regulatory Return on Equity – Achieved

Orillia Power achieved a Regulated Return on Equity of 8.99% in 2015. The OEB has provided an updated methodology for assessing a distributor’s ROE performance in the reporting year in order to determine whether a distributor’s ROE falls within/outside of a 300 basis points dead band which may initiate a regulatory review of the distributor’s performance and rate plans. A distributor is required to explain the drivers for over/under-earning if the dead band is exceeded.

Note to Readers of 2015 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.