

Scorecard - Chapleau Public Utilities Corporation

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	65.00%	
	Customer Satisfaction	First Contact Resolution					100%			
		Billing Accuracy					100.00%	➡	98.00%	
		Customer Satisfaction Survey Results					95%			
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 [measure to be determined]								
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	NI	➡		C
		Serious Electrical Incident Index	0	0	0	0	0	➡		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	➡		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	1.98	1.93	0.44	2.18	0.28	⬇		at least within 0.44 - 2.18
		Average Number of Times that Power to a Customer is Interrupted	0.92	0.45	0.28	2.58	0.38	⬆		at least within 0.28 - 2.58
	Asset Management	Distribution System Plan Implementation Progress					0%			
	Cost Control	Efficiency Assessment			4	4	4			
		Total Cost per Customer <sup>1</sup>	\$609	\$606	\$643	\$653	\$729			
		Total Cost per Km of Line <sup>1</sup>	\$29,441	\$29,033	\$30,385	\$30,175	\$33,329			
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 Annual Peak Demand Savings (Percent of target achieved) <sup>2</sup>		10.98%	50.26%	71.52%	123.34%	●		0.17MW
		Net Cumulative Energy Savings (Percent of target achieved)		35.91%	109.57%	139.84%	179.27%	●		1.21GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		New Micro-embedded Generation Facilities Connected On Time							90.00%	
Financial Performance  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.60	2.35	1.69	1.75	2.04			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00			
		Profitability: Regulatory Return on Equity		8.57%	9.12%	9.12%	9.12%			
				5.43%	-17.50%	19.84%	16.88%			

Notes:

1. These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.

2. The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend:

⬆ up

⬇ down

➡ flat

● target met

● target not met

## Appendix A – 2014 Scorecard Management Discussion and Analysis (“2014 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 2014 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 2014, Chapleau PUC met and exceeded all performance targets with the exception of the measure for safety. This measure reflects compliance with Ontario Regulation 22/04 which was captured during the field audit and determined by ESA as an area that needs improvement. The opportunity for improvement was related to communications’ line minimum clearance to distribution systems’ neutral line which deviated from the specifications. Chapleau PUC did proceed to immediate correction and lowered the communications’ line to minimum clearance from the distribution systems’ neutral as per the specifications. This resolved the areas of concern.

Like most utilities in Ontario, Chapleau PUC must replace aging infrastructure and is considering options for addressing line losses through distribution system upgrades and potential voltage conversion. In addition, asset replacement programs or capital projects will increase system reliability and reduce the vulnerability of the distribution system to bad weather events.

### Service Quality

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

Chapleau PUC connected 14 eligible low-voltage residential & small business customers to our system within the five-day timeline prescribed by the Ontario Energy Board. Chapleau PUC continues to achieve 100% which is above the OEB mandated threshold of 90%. We will continue to work closely with our customer’s to continue achieving this target.

- **Scheduled Appointments Met On Time**

Chapleau PUC scheduled almost 60 appointments with its customers in 2014 to complete work requested by our customers such as reconnects, locates or planning. Consistent with the prior year, Chapleau PUC met 100% of these appointments on time, which significantly exceed the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2014 Chapleau PUC recorded 1153 qualifying incoming customer calls an average of 5 calls a day. Chapleau PUC has determined that

the small volume of customer phone calls does not warrant the cost expenditure of maintaining a customer contact center. In 2015 Chapleau PUC did implement a call answer voice mail system. Customers are provided with the option to request a call return. Chapleau PUC returns all customer calls as soon as possible. Chapleau PUC achieved 100% of eligible telephone calls answered on time and will continue to work at achieving this target which exceeds the OEB mandated 65% target for timely call response.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. 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. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

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.

Chapleau PUC began logging customer complaints in July of 2014. Our “small town” environment affords Chapleau PUC staff the ability to readily communicate informally with our customers. The First Contact Resolution measure reflects the percentage of complaints resolved, not requiring follow up. Chapleau PUC receives only a very small number of inquiries, for which resolution is 100%.

- **Billing Accuracy**

Until July 2014 a specific measurement of billing accuracy had not been previously defined across the industry. After consultation with some electricity distributors, the Ontario Energy Board has prescribed a measurement of billing accuracy which must be used by all electricity distributors.

For the period from October 1, 2014 to December 31, 2014 Chapleau PUC issued almost 4000 bills and achieved a billing accuracy of 100%. This compares favourably to the prescribed OEB target of 98%. Chapleau PUC continues to monitor its billing accuracy results and processes.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time the Ontario Energy

Board is allowing electricity distributors discretion as to how they implement this measure.

Chapleau PUC retained Burman Energy Consultants Group Inc. and CGC Educational Communications Inc. to develop and execute a customer survey. This survey was conducted through telephone interviews which was offered in both official languages, 20% of the respondents were French-speaking. The survey concentrated on Chapleau PUC's customers' experience in terms of the impacts of service interruptions, customers' attitudes and about the value of electricity to consumers as it relates to future investments and identifying customer preferences with respect to service offerings and plans for distributing system upgrades. Customer feedback produced a Customer Satisfaction (CSAT) Score of 95%, which includes responses on rating the "overall customer satisfaction". The CSAT Score is calculated as a combined rating of 7 and above, on a scale from 1 to 10. The sample size of 100 surveys was selected based on the total number of customers and targeted to achieve confidence level of 90% with confidence interval of 5%.

## Safety

- **Public Safety**

The Ontario Energy Board introduced the Safety measure in 2015. This measure looks at safety from a customers' 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**

Chapleau PUC is fully engaged in public safety awareness campaign delivered through our web site and bill inserts.

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

Chapleau PUC is audited annually as part of Regulation 22/04. ESA captured one needs improvement during the field audit. The opportunity for improvement was related to communications' line minimum clearance to distribution systems' neutral line which deviated from the specifications. Chapleau PUC did proceed to immediate correction and lowered the communications' line to minimum clearance from the distribution systems' neutral as per the specifications. This resolved the areas of concern. All previous years Chapleau PUC received a C which indicates compliance with the Regulation

- **Component C – Serious Electrical Incident Index**

Chapleau PUC has no reported electrical incidents and intends to sustain its performance in this area.

## System Reliability

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

In 2014, Chapleau PUC experienced a decrease in the average number of hours of customer power interruption. Chapleau PUC had a total of 20 power outages, where 5 outages were due to loss of supply or in other words electricity was not delivered to Chapleau PUC and therefore out of its operational control. One of these power outages occurred on September 28<sup>th</sup> which affected all of Chapleau PUC customers. This outage was a scheduled outage by Hydro One in order to perform maintenance to Hydro One's network system. The other 4 loss of supply outages affected approximately 340 of Chapleau PUC's customers as the electricity for these customers is supplied via Hydro One station.

The cause of the remaining 15 power outages that affected a small amount of our customers (range of 1 customer to 17 customers) each time is as follows:

- Chapleau PUC scheduled outages for upgrades or maintenance was 6.
- Foreign interference (bird contacts, falling ice) was 4.
- Tree contacts was 2.
- Adverse weather was 1.
- Defective equipment was 2.

Chapleau PUC continues to view reliability of electricity service as a high priority for its customers and is working in improving its asset management practices, maintenance and asset replacement programs.

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

Chapleau PUC's average number of times that power to a customer is interrupted (ie. frequency) of 0.38 is in the OEB range of 0.28 – 2.58. Chapleau PUC will continue to monitor its assets with annual infra-red scans for early detection of potential problems, station inspections and distribution system patrols.

## **Asset Management**

- **Distribution System Plan Implementation Progress**

Chapleau PUC began work preparing our Distribution Plan (DSP) in 2014 to comply with Chapter 5 filing requirements as part of our rate submission. Significant efforts were made in 2014 to collect and organize asset baseline data required in support of asset management and DSP preparation. However, weather related delays in acquiring field data, impacted the DSP schedule. A final version of the DSP has not been approved as of this report.

## **Cost Control**

- **Efficiency Assessment**

The 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. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual & predicted costs. In 2014, Chapleau PUC was placed in Group 4 (same as 2013). Distributors that had cost in excess of 10% to 25% of that predicted received a stretch factor of 0.45%. The 2014 Benchmarking Update Report to the Ontario Energy Board showed 13 Ontario distributors ranked in Group 4.

Chapleau PUC will continue working to improve our ranking to a more efficient group.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Chapleau PUC's capital and operating costs and dividing this cost figure by the total number of customers that we serve. Chapleau PUC's total cost per customer in 2014 was \$729. This is approximately a 10% increase over 2013.

- **Total Cost per Km of Line**

Total cost per Km of Line uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that Chapleau PUC operates to serve its customers. Chapleau PUC's 2014 total cost per Km of line was \$33,329. This total costs per kilometer of line matched the trend of costs per customer for Chapleau PUC, since neither the customer numbers, nor the kilometers of line changed significantly. Chapleau PUC will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

## **Conservation & Demand Management**

- **Net Annual Peak Demand Savings (Percent of target achieved)**

Chapleau PUC exceeded its Net Annual Peak Demand Savings target at the end of 2014. This was achieved by fully leveraging the entire suite of Ontario Power Authority ("OPA") province-wide demand management programs. Chapleau PUC achieved 123.34 percent of its target for 2014.

- **Net Cumulative Energy Savings (Percent of target achieved)**

Chapleau PUC is pleased to have exceeded its four-year net cumulative energy savings target by the end of 2014. The successful achievement of 179.27 percent of cumulative energy savings was made possible by the strong and early participation by local customers in retrofit and energy efficient lighting programs.

## **Connection of Renewable Generation**

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

Ontario runs two renewable generation programs. FIT (Feed-in Tariff) applicants are those customers setting up solar or renewable generation equipment to generate more than 10 kW of electricity at a time. Chapleau PUC has no renewable generation connection impact assessments to date.

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

MicroFit applicants are those customers applying to generate electricity at a level less than or equal to 10 kW of electricity. Chapleau PUC has not connected any renewable generation.

## 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.

Chapleau PUC has maintained a healthy financial condition featuring a strong current ratio in 2014 of 2.04. Among utilities in Ontario the range of values for current ratio was between 1.69 and 2.60.

- **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. Chapleau PUC maintains a strong financial position and has no debt at present.

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

Chapleau PUC’s profitability has remained steady during the last 3 years at 9.12%.

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

The current return on equity is 16.88% which includes revenue from a smart meter disposition rate rider and foregone revenue due to late rate approval.



## Note to Readers of 2014 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.