

Scorecard - Orangeville Hydro Limited

9/24/2017

| Performance Outcomes | Performance Categories | Measures | 2012 | 2013 | 2014 | 2015 | 2016 | 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 | 97.30% | 98.20% | 100.00% | 100.00% | 100.00% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 100.00% | 93.80% | 100.00% | 100.00% | 99.80% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 100.00% | 100.00% | 100.00% | 100.00% | 99.50% | | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | | | | 0% | 3 | 3 | | | |
| | | Billing Accuracy | | | | 99.99% | 99.95% | 99.96% | | 98.00% | |
| | | Customer Satisfaction Survey Results | | | | A | A | 74.8 | | | |
| 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 | | | | | 84.00% | 84.00% | | | |
| | | 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 | 1.08 | 0.76 | 0.14 | 1.13 | 0.69 | | | 0.90 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 1.18 | 1.68 | 0.17 | 1.12 | 1.12 | | | 1.18 | |
| | Asset Management | Distribution System Plan Implementation Progress | | | | 54% | 101% | 100 | | | |
| | Cost Control | Efficiency Assessment | | 3 | 3 | 3 | 3 | 3 | | | |
| Total Cost per Customer ³ | | | \$566 | \$577 | \$577 | \$578 | \$575 | | | | |
| Total Cost per Km of Line ³ | | | \$34,484 | \$32,555 | \$32,423 | \$32,766 | \$31,963 | | | | |
| 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 | | | | | 24.01% | 40.78% | | 14.15 GWh | |
| | Connection of Renewable Generation | Renewable Generation Connection Impact Assessments Completed On Time | | | | 100.00% | 100.00% | 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) | 2.12 | 1.22 | 1.92 | 1.64 | 1.58 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 0.92 | 1.02 | 1.21 | 1.15 | 1.06 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 9.85% | 9.85% | 9.36% | 9.36% | 9.36% | | | |
| | | | Achieved | 7.80% | 6.21% | 9.47% | 6.40% | 8.68% | | | |

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.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2016 Scorecard Management Discussion and Analysis (“2016 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 2016 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 2016, Orangeville Hydro exceeded all performance targets. Aging distribution infrastructure continues to be a challenge for many utilities today. Like most utilities in Ontario, Orangeville Hydro must replace aging infrastructure at a steady pace in order to meet this challenge. Therefore Orangeville Hydro strategically plans to manage the renewal and growth of the distribution system in a cost effective manner. In addition, vegetation control, including tree trimming activities, were increased in the year to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather.

Orangeville Hydro continues to focus on you, the customer. Orangeville Hydro offers “Customer Connect” to assist our customers with interactive information that will permit them to better monitor and control their electricity consumption. Orangeville Hydro makes every effort to engage its customers on a regular basis to ensure that we are aware of your needs and that you are receiving the best value for your dollar. Orangeville Hydro remains committed to provide its customers with the most reliable service at the least possible cost.

In 2017, Orangeville Hydro will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

Service Quality

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

In 2016, Orangeville Hydro connected 292 low-voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This quantity is more than the 2015 new services. Orangeville Hydro 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, Orangeville Hydro connected 100% of these customers on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

Orangeville Hydro scheduled 435 appointments in 2016 to disconnect and/or reconnect service for maintenance, gain access to read or replace an inside meter, locate underground wires or otherwise complete work requested by its customers, including energizing new subdivisions. Orangeville Hydro 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, Orangeville Hydro met 99.8% of these appointments on time, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2016, Orangeville Hydro received over 23,539 calls from its customers (an average of 94 calls per day), an increase of 2% from 2015. The increase in call volume can be attributed to customers billing questions. Orangeville Hydro 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 99.5% of these calls in 30 seconds or less, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure. Orangeville Hydro expects this trend to continue into the foreseeable future.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a scorecard measure introduced by the Ontario Energy Board midway through 2014. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

Orangeville Hydro defines “First Contact Resolution” as the number of customer inquiries that are not resolved by the first contact at the utility, resulting in the inquiry being escalated to an alternate contact at the utility, typically a supervisor or a manager. This includes all customer inquiries that are made to a customer service representative whether by telephone, letter, e-mail, or in person. First contact resolution is tracked through the billing system. Once the issue has been escalated, details of the issue and the agreed upon resolution are logged on the customer’s account by management. Outside escalation’s are updated through email and copied to the customer’s account. Orangeville Hydro considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction.

- **Billing Accuracy**

Billing Accuracy is a new scorecard measure introduced by the Ontario Energy Board late in 2014, and is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Orangeville Hydro considers timely and accurate billing to be an essential component of customer satisfaction. For 2016, Orangeville Hydro issued more than 138,907 customer bills and achieved a billing accuracy of 99.96%, which is within the Ontario Energy Board mandated target of 98%. Orangeville Hydro expects this trend to continue for 2017.

Note: The number of bills issued was over stated in the original submission for 2016, but as this is not a material mistake and does not affect the overall billing accuracy percentage we did not re-submit.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

In 2016, Orangeville Hydro engaged a third-party organization to conduct a customer satisfaction survey. This statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. Orangeville Hydro considers this customer satisfaction survey to be a useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. For 2016, Orangeville Hydro received a rating of 74.8% on its customer satisfaction survey. Orangeville Hydro is only required to report on this measure on a biennial basis (every second year), but expects this trend to continue into the foreseeable future.

Safety

- **Public Safety**

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

Component A consists of a new 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. Orangeville Hydro's ESA Public Safety Awareness Index Score for the 2015 Survey was 84.0%. The Score from the 2015 Survey has been applied to the 2016 Year as well.

- **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, Orangeville Hydro 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 & policies.

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

Component C consists of the number of serious electrical incidents affecting the public, including fatalities, which occur within a utility's territory. In 2016, Orangeville Hydro had zero fatalities and zero serious incidents within its territory. Orangeville Hydro will continue to make efforts and work with the Electrical Safety Authority to continue the safe operation of our distribution system.

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. Orangeville Hydro views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Orangeville Hydro also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The OEB typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2016, Orangeville Hydro achieved an average of 0.69 hours of interrupted power which is less than the distributor-specific target of 0.90 hours based on our 5-year (2011-2015) average performance data. Orangeville Hydro's distribution system experienced fewer outages than historically. The average is expected to return to the historical range in future years.

- **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 also a high priority for Orangeville Hydro. As outlined above, the OEB also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. Orangeville Hydro experienced interrupted power 1.12 times during 2016, which is less than the distributor-specific target of 1.18 based on our 5-year (2011-2015) average performance data.

Orangeville Hydro's distribution system experienced fewer outages than historically. The average is expected to return to the historical range in future years.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan outlines Orangeville Hydro's forecasted capital expenditures, over a five (5) year period, 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 Orangeville Hydro'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.

Orangeville Hydro defines this measure as the tracking of actual capital project costs to planned capital project costs, expressed as a percentage. For this measure, Orangeville Hydro will include System Renewal, System Service, and General Plant capital expenditures.

For 2016, Orangeville Hydro completed 100% of the planned capital expenditures. This trend is expected to continue for the remainder of the 2014-2018 Distribution System Plan. Orangeville Hydro moved to using this measure in 2015 based on information received from other utilities in the Province. Orangeville Hydro will continue to participate in the Ontario Energy Board Distribution System Plan Implementation Progress consultation process.

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. In 2016, Orangeville Hydro 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" therefore; Orangeville Hydro's costs are within the average cost range for distributors in the Province of Ontario. Orangeville Hydro's placement in Group 3 has remained unchanged since the efficiency measure was implemented in 2012, although we work proactively to improve our costs within that group.

In 2016, 47% (32 distributors) of the Ontario distributors were ranked as "average efficiency"; 29% (20 distributors) were ranked as "more efficient"; 24% (16 distributors) were ranked as "least efficient". Although Orangeville Hydro's forward looking goal is to advance to the "more efficient" group, it is management's expectation that efficiency performance will not decline.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Orangeville Hydro's capital and operating costs and dividing this cost figure by the total number of customers that Orangeville Hydro serves. Orangeville Hydro's cost performance decreased slightly in 2016 to \$575/customer, just below the cost performance in 2015 at \$578/customer.

Orangeville Hydro's Total Cost per Customer has increased on average by 0.1% per annum over the period 2011 through 2016. Similar to most distributors in the province, Orangeville Hydro has experienced increases in its total costs required to deliver quality and reliable service to customers. Province wide programs such as smart meters, time of use pricing, as well as growth in wage and benefits costs for our employees have all contributed to increased operating costs. Orangeville Hydro's capital costs are planned strategically in order to manage the renewal and growth of the distribution system in a cost effective manner.

Orangeville Hydro will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Going forward, keeping pace with economic fluctuations, Orangeville Hydro will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements and make it our goal to maintain or reduce the cost per customer.

- **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 kilometers of line that Orangeville Hydro operates to serve its customers. Orangeville Hydro's 2016 cost per Km of line is \$31,963, a decrease of 2.5% over 2015 and an average decrease of 2.6% over the period 2011 to 2016. Orangeville Hydro experienced a moderate level of growth in its total kilometers of lines; therefore Orangeville Hydro has increased its ability to fund capital renewal and offset increased operating costs. The same cost drivers that apply to the total cost per customer apply to the total cost per km of line. Orangeville Hydro continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Orangeville Hydro Limited achieved 41% of its six-year Net Cumulative Energy (kWh's) Savings target of 14,150,000 kWh. This has been achieved by leveraging the suite of OEB approved CDM programs designed primarily for residential and small commercial classes of customers. For 2016 Orangeville Hydro Limited's verified savings results amounted to 2,057 MWh ranking 46th out of 71 LDCs in the province. The Net Cumulative Savings Results for 2015-2016 are 5,770 MWh ranking 40th out of 71 LDCs in the province.

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 the required deliverables from the proposed Generator. Orangeville Hydro has developed and implemented an internal procedure to ensure compliance with this regulation. In 2016, Orangeville Hydro completed one CIA, which was completed within the prescribed time limit. Orangeville Hydro expects the trend for this measure to continue for the foreseeable future.

- **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 or small businesses. In 2016, Orangeville Hydro connected four new micro-embedded generation facility within its territory. 100% of these projects 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. Orangeville Hydro's process for these projects is well documented and Orangeville Hydro works closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded. Orangeville Hydro expects the trend for this measure to continue to exceed the mandated target for the foreseeable future.

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. If the current ratio is too high then the company may be inefficient at using its current assets or its short-term financing facilities.

Orangeville Hydro's current ratio decreased from 1.64 in 2015 to 1.58 in 2016 which is indicative of a financially healthy organization. Orangeville Hydro's current ratio is expected to remain 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 (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.

Orangeville Hydro's debt to equity rate was 1.06; or 51% debt to 49% equity in 2016. Orangeville Hydro strives to maintain a debt to equity structure that closely resembles the ratio expected by the OEB and has plans to increase its debt in 2017. Orangeville Hydro expects its debt to equity ratio to remain close to the expected norm into the foreseeable future.

- **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. A utility's ROE should be within the +/-3% range allowed by the Ontario Energy Board (OEB). Orangeville Hydro's last cost of service application was approved by the OEB and commenced on May 1, 2014. The approved rates include an expected (deemed) regulatory return on equity of 9.36%. Prior to 2014 the allowed rate of return was 9.85%. 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**

Orangeville Hydro's return on equity achieved in 2016 was 8.68%, which is within the deemed ROE set by the Ontario Energy Board (OEB) of 9.36%, and a higher ROE than 2015. The average return over the past 6 years was 7.63% and has continued to have been within the OEB allowed range of +/-3%. Orangeville Hydro will continue to seek process improvements, find efficiencies and manage costs while delivering on the operational and capital programs that have been put before the OEB. Orangeville Hydro will continue to deliver electricity to its customers in a safe, reliable and efficient manner that provides good value for money while being responsive to customer and community needs and contributing to provincial and local public policy objectives.

Note to Readers of 2016 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.