

Scorecard - Orillia Power Distribution Corporation

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%	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	99.70%	99.70%	92.60%	96.60%	97.43%	⬇	65.00%		
	Customer Satisfaction	First Contact Resolution		99.93%	99.93%	99.93%	99.98%				
		Billing Accuracy		99.98%	99.98%	99.98%	99.98%	➡	98.00%		
		Customer Satisfaction Survey Results		A	A	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%	83.00%	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	1.13	2.15	1.06	0.52	3.63	⬆		1.00	
		Average Number of Times that Power to a Customer is Interrupted ²	1.03	1.28	2.44	1.10	0.92	⬆		1.26	
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	In Progress	In progress				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
Total Cost per Customer ³		\$591	\$612	\$614	\$658	\$646					
Total Cost per Km of Line ³		\$32,280	\$33,711	\$35,448	\$37,337	\$36,942					
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%	23.63%	44.65%			16.58 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	87.50%	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)	1.49	1.39	1.17	0.75	0.70				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.02	0.85	1.01	1.19	1.05				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.85%	9.85%			
			Achieved	11.70%	12.11%	8.99%	-1.59%	11.03%			

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

Appendix A

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

Scorecard MD&A - General Overview

Orillia Power continues to focus on system improvements that will enhance reliability and efficiency including continuous improvement of our asset management tools and procedures. Orillia Power strives to extract the maximum value from our distribution system and deliver reliable, cost-effective services to our customers and to meet the expected demand for electricity due to new residential and commercial customer growth. Orillia Power’s plan to rebuild a substation serving north and west Orillia in the next few years will support our efforts to achieve these goals.

With the implementation of the Ontario Fair Hydro Plan in 2017, bill relief, (average 25% of the total bill) for residential and small commercial customers, is helping to address general customer dissatisfaction due to rising electricity costs, a concern seen consistently across the industry. Orillia Power has no control over the commodity price (the electricity line) on customer bills. However, Orillia Power manages the distribution cost component (the delivery line) on customer bills and in doing so, looks for efficiencies and cost savings while striving to maintain first class customer service, dealing professionally with customers, delivering on service commitments, and responding in a timely manner to all inquiries.

Orillia Power is working to achieve or exceed our performance targets in 2018 by staying focused on customer needs, system efficiencies and continuous improvement in all performance categories.

Service Quality

New Residential / Small Business Services Connected on Time

Orillia Power connected 100% of 357 in 2017 (242 in 2016) eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to our 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 394 appointments in 2017 (308 in 2016) to complete work requested by customers. Consistent with previous years, Orillia Power met 100% of these appointments on time, exceeding the industry target of 90%. The company recognizes and respects the value of customers' time and demonstrates this by consistently exceeding the industry target in this area.

Telephone Calls Answered on Time

Orillia Power customer service representatives (CSRs) received approximately 10,000 calls in 2017 (11,900 in 2016) from our customers. A CSR answered a call, in 30 seconds or less, 97.43% of the time (96.60% in 2016) significantly exceeding 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 exceeding the target for this metric.

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 2017 in achieving this on first contact with our customers 99.88% of the time (99.93% in 2016). The measure represents the total number of enquiries successfully answered at the first point of contact with our customer service staff divided by the total number of enquiries in the period.

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 all distributors.

Billing Accuracy

Orillia Power issued approximately 166,000 bills in 2017 (164,000 in 2016), achieving a billing accuracy of 99.98%, consistent with previous years. 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 our 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 allows customers to download a copy of their bill and monitor their consumption patterns and other useful information that may assist them in shifting consumption to low demand periods, potentially finding savings through lower bills.

Customer Satisfaction Survey Results

Orillia Power engaged a third party in the fall of 2017 to conduct a customer satisfaction survey on our behalf, with the objective to provide information that supports discussion surrounding improving customer service at all levels and departments within Orillia Power. The telephone survey asked customers questions on a wide range of topics, including overall satisfaction with Orillia Power, reliability, customer service, outages, billing and corporate image. Results of the survey inform Orillia Power's planning process and form the basis of plans to improve customer satisfaction as well as meeting customer expectations and needs.

Orillia Power's 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. The independent, highly reputable firm engaged to conduct our survey has provided this service since 1999 for many Ontario utilities. Their report provided 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.

Safety

Public Awareness of Electrical Safety

Orillia Power's second Public Awareness Electrical Safety survey was completed in early 2018. Orillia Power's public safety awareness index score is 84%, an increase of 1% from the first survey conducted in early 2016. Results are based on a telephone survey among the public, 18 years of age or older, residing within Orillia Power's geographic service territory. The most recent data has been statistically weighted according to Canadian census figures (2016) for age, gender and region. Survey results demonstrate that the public have good knowledge or have received some information pertaining to electrical safety. Orillia Power continues to educate the public using videos with simple and memorable messages that promote safety awareness.

The Electrical Safety Authority (ESA) developed standardized questions for the survey to be conducted every two years. The ESA is monitoring the effectiveness of the surveys and will 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

Orillia Power was fully compliant in 2017 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 2018. 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 our record of zero serious electrical incidents each year reported in the Scorecard. The index is defined by Ontario Regulation 22/04, involving all members of the public. 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 (e.g. Children's Safety Village, community events, contractor sessions).

The metric measures 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 the 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

An Orillia Power customer's electricity was interrupted for 3.63 hours on average in 2017 not counting events of loss of supply to Orillia Power's service area outside of our control (0.52 in 2016). The average number of hours that power to a customer is interrupted (i.e. duration) is a measure of system reliability or the ability of a system to perform its required function. Orillia Power did not meet our target of 1.00 shown on the Scorecard which is based on our performance over the 5-year period 2010 to 2014.

The main driver of the 2017 result was an incident in which a high voltage 44KV line was damaged resulting in a power outage, simultaneously with a natural gas leak in the same vicinity. Public safety was a primary consideration and service was restored to customers as soon as conditions were deemed safe to do so by emergency authorities in accordance with the City's emergency response plan.

Excluding this event, a customer's electricity was interrupted for 1.23 hours on average in 2017.

Average Number of Times that Power to a Customer is Interrupted

An Orillia Power customer's electricity was interrupted 0.92 times on average in 2017 not counting events of loss of supply to Orillia Power's service area outside of our control (1.10 in 2016). The average number of times that power to a customer is interrupted (i.e. frequency) is an additional measure of system reliability. Orillia Power performed better than our target of 1.26 shown on the Scorecard which is based on our performance over the 5-year period 2010 to 2014.

System reliability is a high priority for Orillia Power and our customers. This includes regularly monitoring our system for signs of reliability degradation and reinvesting as required to restore systems. 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. Orillia Power continually strives to perform within the LDC-specific targets (based on our average performance over the period 2010-2014) for duration and frequency of interruptions.

Asset Management

Distribution System Plan Implementation Progress

Orillia Power's Distribution System Plan (DSP) continues '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.

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.

Cost Control

Efficiency Assessment

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

Orillia Power was ranked in Group 3 with actual costs within +/- 10% of predicted costs, consistent with previous years. Orillia Power's costs are within the average cost range for distributors in Ontario. Orillia Power has shown consistent improvements in this measure annually and continues to work to find efficiencies in our operations.

Total Cost per Customer

Total cost per customer in a given year is calculated as the sum of capital and operating costs for Orillia Power's infrastructure within its service area divided by the total number of customers that Orillia Power serves. Total cost per customer was \$646 in 2017 (\$658 in 2016), which reflects primarily flat total costs and an increase in the total number of customers compared to the previous year. In the normal course of business, Orillia Power strives to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Over the past 5 years, Orillia Power customers have experienced an average annual increase in total cost per customer of 1.9%.

Total Cost per Km of Line

This measure uses the same total cost that is used in total cost per customer. Total cost is divided by the kilometers (Km) of line that Orillia Power owns and operates to serve our customers. Orillia Power's total cost per Km of line was \$36,942 in 2017 (\$37,337 in 2016), which reflects primarily flat total costs and an increase in the total Km of line compared to the previous year. Orillia Power's ability to fund capital renewal through an expanded customer base is limited by a historically low annual customer growth rate. Orillia Power continues to seek innovative solutions to help ensure costs remain competitive and within acceptable limits to our customers.

Orillia Power remains focused on implementing productivity and improvement initiatives to help smooth, and offset where possible, the costs associated with future system improvement and enhancements.

Conservation & Demand Management

Net Cumulative Energy Savings

Orillia Power has achieved savings to date of 7.4 GWh (2.9 GWh in 2017, 2.5 GWh in 2016 and 2.0 GWh in 2015) which represents 44.65% of Orillia Power's

2015-2020 Conservation and Demand Management (CDM) target. Orillia Power was assigned a CDM target (16.58 GWh) as part of the provincial CDM target of 7,000 GWh issued by way of a directive from the Minister of Energy to the Ontario Energy Board (OEB) on March 26, 2014 to promote Conservation and Demand Management (CDM) activities in Ontario for the period January 1, 2015 to December 31, 2020 under the Conservation First Framework (CFF). Orillia Power is required to achieve a minimum of 8% of our overall target on an annual basis over the 2015-2020 CFF term to comply with our CFF Energy Conservation Agreement. Orillia Power has filed a plan under which our annual and overall targets will be achieved.

Orillia Power met our annual savings target in 2017 as well as in the two previous years. In 2018, Orillia Power is projecting that we will exceed our annual target with the expected completion of a large Natural Gas Combined Heat & Power project. Orillia Power anticipates that projects expected to be completed in 2018 will result in achievement of approximately 90% of our 2015-2020 CDM target by the end of 2018.

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Connection Impact Assessments (CIAs) for renewable generation are to be completed within a prescribed time limit, within 60 days of receipt of a customer's complete application where no distribution system reinforcement or expansion is required. Orillia Power has processes in place that ensure that CIAs are done within prescribed timelines and continually reviews our processes to identify areas of improvement.

Orillia Power did not receive any applications for renewable generation in 2017. Connection Impact Assessments for generation applications received in the year for non-renewable generation projects (e.g. Natural Gas Combined Heat & Power) are not included in this metric.

New Micro-Embedded Generation Facilities Connected on Time

Orillia Power completed 7 micro-embedded generation facilities, projects of less than 10 kW, in 2017 (3 in 2016). 100% were completed within the prescribed time limit. Our workflow to connect these projects within the prescribed time frame of 5 business days is very streamlined and transparent with our customers. Orillia Power works closely with our customers and their contractors to identify and resolve all connection issues to ensure that projects are connected in a timely manner.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

Orillia Power's current ratio was 0.70 in 2017 (0.75 in 2016). The decrease was primarily driven by the implementation of the Ontario Fair Hydro Plan, under which the customer accounts receivable asset and the cost of power liability were impacted.

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.

Orillia Power employs a cash management strategy that attempts to minimize cash on hand through the utilization of working capital credit facilities (i.e. overdraft protection). This strategy will result in lower liquidity ratios than would otherwise be anticipated while still ensuring the company can meet all financial obligations as they are due.

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

Orillia Power's debt to equity ratio was 1.05 in 2017 (1.19 in 2016). 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 current debt to equity ratio indicates that the company still has unleveraged capacity which can be used to borrow funds if required for future growth / expansion.

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

Orillia Power's distribution rates are approved by the OEB and include a deemed regulatory return on equity (ROE) of 9.85%. The OEB may initiate a review of our rates if our achieved rate of return on equity is +/- 3% of our deemed return on equity, (i.e. below 6.85% or above 12.85%). 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's regulated return on equity was 11.03% in 2017 well within the +/- 3% of our deemed return on equity.

Note to Readers of the 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.