

Scorecard - Hearst Power Distribution Company 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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	0.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	92.50%	100.00%	96.70%	89.20%	87.30%		65.00%		
	Customer Satisfaction	First Contact Resolution			98%	98%	99.74%				
		Billing Accuracy			99.98%	99.89%	99.91%		98.00%		
		Customer Satisfaction Survey Results			97% Good	97% Good	96% Good				
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				76.00%	76.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NI	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	4.95	4.79	0.98	2.00	2.19			3.65	
		Average Number of Times that Power to a Customer is Interrupted ²	2.20	1.28	0.35	0.71	1.27			1.12	
	Asset Management	Distribution System Plan Implementation Progress			Submitted	Established	Established				
	Cost Control	Efficiency Assessment	1	1	1	2	2				
Total Cost per Customer ³		\$418	\$414	\$479	\$579	\$516					
	Total Cost per Km of Line ³	\$17,131	\$16,980	\$19,161	\$23,009	\$20,531					
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				47.50%	154.51%			3.18 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time			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)	3.05	2.52	2.27	2.22	2.14				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.55	0.59	0.38	0.40	0.39				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.19%	9.19%			
			Achieved	41.81%	27.17%	24.31%	-24.02%	8.33%			

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, Hearst Power Distribution Company Ltd. (HPDC) exceeded all performance targets when compared to the industry standards.
- In 2017, the company expects to maintain, or increase where possible, its overall scorecard performance results as compared to prior years. HPDC expects similar or better performance as a result of enhanced system reliability due to the company’s major investment in its distribution system plant, as per HPDC’s implemented Distribution System Plan, and continued responsiveness to customer feedback.

Service Quality

- **New Residential/Small Business Services Connected on Time**
In 2016, HPDC connected all low-voltage residential and small business customers on-time. As usual, HPDC views customer connections as a top priority and continues to exceed the 90% OEB-mandated threshold.
- **Scheduled Appointments Met On Time**
HPDC scheduled 259 appointments in 2016 which have been 100% completed on-time and as required. HPDC continues to exceed the industry target of 90%. The work requests include, but is not limited to, disconnection, reconnection, electrical line locates, etc.
- **Telephone Calls Answered On Time**
In 2016, HPDC received 1,136 calls, of which 992 were answered within 30 seconds. That is an annual 87.3% achievement for HPDC, which is significantly greater than the 65% OEB-mandated target.

Customer Satisfaction

- **First Contact Resolution**

99.74% of telephone calls and written inquiries were resolved on first contact with Hearst Power representatives (No follow up required).

- **Billing Accuracy**

For the period of January 1st, 2016 to December 31st, 2016 HPDC issued 33,296 bills and achieved a billing accuracy of 99.91%. This compares favorably to the prescribed OEB target of 98%. HPDC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The customer survey was developed in 2014 through a collaborative effort of, Hearst Power Distribution Company Limited Inc., Hydro Hawkesbury Inc., Hydro 2000 Inc., Cooperative Hydro Embrun, Renfrew, Hydro and Ottawa River Power Corporation (“the Group”). The Group was assisted by Tandem Energy Services Inc. for developing the survey. The main purpose of the collaborative effort was to minimize the cost of the survey by the sharing of intellect and resources.

In the 2016, HYPDC conducted its customer satisfaction survey amongst all customer classes, where clients were given a possibility to express their needs and opinions by completing an online or hard copy survey. Out of 2,704 HPDC customers, 336 or 12.4% responded to the survey. The results identified 96% overall good or better performance.

Safety

- **Public Safety**

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

In 2016, HPDC conducted a Safety Awareness survey amongst all its customers, which resulted in an overall score of 76%. The survey was developed by the Electrical Safety Association to monitor the efforts and impact LDCs are having on improving public electrical safety. HPDC also continues to publish educational communiqués, which provides written information to the general public on electrical subjects via newspaper and our website. This program was developed to keep customers educated & informed on electrical safety, and to provide some background on the complex electrical sector.

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

In 2016, HPDC was found to be compliant, once again, with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors.

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

Over the past five years, HPDC did not have any serious electrical incident.

System Reliability

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

In 2016, HPDC's average number of hours that power to a customer is interrupted was 2.19, a slight increase of 0.19 over 2015 but better than the previous 4 years average (3.18). Continued quick response to power interruptions contributes greatly to maintaining shorter periods of interruptions.

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

In 2016, HPDC's average number of times that power to a customer is interrupted was 1.27, which compares to the past four years' average of 1.14 and which is mainly due to increased planned outages for refurbishment of our outside plant.

As per our implemented Distribution System Plan, the continued asset surveys and the replacement of deteriorated assets contributed greatly to maintaining a satisfactory average.

Asset Management

- **Distribution System Plan Implementation Progress**

HPDC's Distribution System Plan (DSP) was built in 2014 for the period of 2015 to 2020. The plan, which was included with our 2014 OEB rate application, was implemented in 2015 and included a pole replacement program. The pole replacement program was built after a pole survey that identified the pole assets that were in bad condition and in need of replacement. This pole survey showed that over 100 poles were in poor or below average condition.

The main driver for the pole replacement program is the risk of plant failing in service and creating long outages for customers, and added O&M costs for the utility. This is intensified if there are simultaneous failures, and if the failures are the result of weather stressors such as high winds. Also, there are some safety benefits to doing the pole replacement project. First is the reduction of the possibility of poles falling in adverse weather and causing accidents or damage to property. Second is the safety related to the potential loss of power during extreme cold weather and the loss of heat for an extended period of time.

The 5 year Distribution System Plan was implemented in 2015, and the second year (2016) progressed as planned and budgeted.

Cost Control

- **Efficiency Assessment**

HPDC received an efficiency assessment of 2 for the year 2016. The efficiency rating remained the same compared to last year which means that actual costs continued to be 10% to 25% below predicted costs. No changes are expected in the next year.

- **Total Cost per Customer**

As shown in the 2016 Scorecard, HPDC's total cost per customer is \$516. This number is a decrease of 63\$ compared to the previous year. No changes are expected in the next year.

- **Total Cost per Km of Line**

In 2016, HPDC had an average of 39.76 customers per Km of line (unchanged from 2015) which reflected a total cost of \$20,531 per Km of line (decrease of 2,478\$ compared to 2015). No changes are expected in the next year.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

HPDC achieved net cumulative energy savings of 155% on its 2015 - 2020 target (3.2 GWh) by the end of its 2nd year. With these results, HPDC is ranked 1st 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 (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2016, HPDC did not complete any CIA since the transmission line in our area has been constrained and can't accept any new loads since 2012. Hydro One does not anticipate any expansion of that line in the near future; therefore, HPDC forecasts the same for next year.

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

As discussed above, the transmission line is constrained in our area, therefore no new micro-embedded generation facilities were connected in 2016. The same is forecasted for next year.

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.

HPDC's current ratio slightly decreased from 2.22 in 2015 to 2.14 in 2016. This is not indicative of a decline in financial performance but rather the result of investments in the distribution and general plant. HPDC's ratio for subsequent years is expected to continue declining slowly and in small increments as larger capital investments in the distribution plant is required and implemented as per the 2015-2020 Distribution System Plan.

- **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). HPDC had a debt to equity ratio of 0.39 in 2016 which is similar to the previous year (0.40). HPDC forecasts similar debt to equity ratio in the future year.

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

HPDC's current distribution rates were approved by the OEB to be effective as of January 1st, 2016 and includes an expected (deemed) regulatory return on equity of 9.19% for 2016. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. 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**

HPDC's return on equity achieved in 2016 was 8.33%, which is within the +/-3% range allowed by the OEB.

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.