

Scorecard - Chapleau Public Utilities Corporation

9/20/2017

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	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%	100	100				
		Billing Accuracy			100.00%	99.99%	99.99%		98.00%		
		Customer Satisfaction Survey Results			95%	95	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				76.00%	76.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	NI	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	0.44	2.18	0.28	4.75	1.82			1.36	
		Average Number of Times that Power to a Customer is Interrupted ²	0.28	2.58	0.38	1.07	0.63			0.92	
	Asset Management	Distribution System Plan Implementation Progress			0%	50	100				
	Cost Control	Efficiency Assessment	4	4	4	4	4				
		Total Cost per Customer ³	\$643	\$653	\$729	\$735	\$740				
		Total Cost per Km of Line ³	\$30,385	\$30,175	\$33,329	\$33,436	\$34,163				
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				26.22%	44.81%			1.05 GWh	
	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)	1.69	1.75	2.04	2.05	2.03				
		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	Deemed (included in rates)	9.12%	9.12%	9.12%	9.12%	9.12%			
			Achieved	-17.50%	19.84%	16.88%	0.40%	-3.82%			

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>

Scorecard MD&A - General Overview

- In 2016 Chapleau PUC has met and exceeded all targets except for one measure of system reliability for average number of hours that power to a customer is interrupted. Even though we are still above target we have managed to lower that number significantly from the 2015 number. The outages that affected the most customers and duration were loss of supply or schedule outages for maintenance purposes. We also had four equipment failure outages from broken cut outs. We are currently no longer using porcelain cut-outs and are now transferring to polymer therefore beginning to eliminate those type of failures.

Chapleau PUC is considering options to upgrade our old 5kv system to a 25kv system to replace the aging infrastructure and to reduce line losses. Chapleau PUC has started a pilot program under the Smart Grid Fund that uses equipment that can potentially lower our line losses in the future. The study started on August 2, 2017 and will continue for an extended period of time to study its capabilities.

Chapleau PUC now has a Facebook page and Twitter account to encourage customer engagement. The social media sites are used to provide information such as power outages, energy saving ideas, electrical safety, and billing information to customers.

Chapleau PUC’s scorecard results show that the utility has been performing well on behalf of their customers to provide quality service and safety of the distribution system.

Service Quality

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

Chapleau PUC connected 6 new on service upgrades in 2016 (customers utilizing connections under 750 volts). All corrections were done on the timeline prescribed by the ASC (five days). Chapleau PUC continues to achieve 100% which is above the OEB target of 90%.

- **Scheduled Appointments Met On Time**

Chapleau PUC scheduled over 50 appointments with its customers in 2016. Work requested by our customers involved locates, disconnects, re-connects, new service and service up-grade connections, along with other appointments scheduled during regular office hours. Chapleau PUC continues to meet 100% of these appointments on time, exceeding the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2016, Chapleau PUC recorded 765 qualifying incoming calls, an average of 3 calls a day. The utility has a small volume of customer calls and this enables us to answer all calls in the 30 second time period established by DSC. Chapleau PUC achieved 100% of eligible telephone calls answered on time exceeding the OEB 65% answered on time rule.

Customer Satisfaction

- **First Contact Resolution**

Chapleau PUC logs all complaints. In 2016 Chapleau PUC had 8 complaints, all related to high bill inquiries. All 8 complaints that Chapleau PUC logged were resolved at 100% resolution.

Chapleau PUC had 8 written responses to inquiries, balance inquiries, notification of moving or procedures for opening a new account. All responses were provided within 10 days.

- **Billing Accuracy**

For the period of 2016 Chapleau PUC issued more than 15,000 bills and achieved a billing accuracy of 99.99%. This places the utility above the prescribed OEB target of 98%. Chapleau PUC continues to strive for high billing accuracy results and continues its ongoing effort to recognize any issues that may arise.

- **Customer Satisfaction Survey Results**

Chapleau PUC has completed a Customer Satisfaction Survey in the spring of 2017 and will report those results in the 2018 scorecard for 2017. At a minimum, electricity distributors are required to measure and report a customer satisfaction results at least every other year. At this time, the OEB is allowing electricity distributors discretion as to how they implement this measure.

Chapleau PUC's survey asks customers questions on a wide range of topics, including: overall satisfaction with Chapleau PUC, reliability, customer service, outages, billing and corporate image. In 2014 Chapleau PUC reported customer satisfaction survey results of 95%. The general feedback was positive.

Safety

- **Public Safety**

In 2014, the Ontario Energy Board asked the ESA to recommend an electrical safety measure for LDC's scorecard. The first survey was completed in 2015 with 35 LDCs participating. Chapleau PUC participated in another survey in spring of 2016 along with Hearst Power, Northern Ontario Wires, Hawkesbury Hydro and Embrun Hydro. Chapleau PUC had 233 customers take the survey. The safety measure is generated by the ESA and includes 3 components.

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

Chapleau PUC participated in a survey with other utilities and also uses Facebook, Twitter and our website to post safety information.

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

Chapleau PUC was audited in the spring of 2016 by the ESA to meet the 22/04 compliance. Chapleau PUC's assessment report had no non-compliances and no opportunities for improvement. Chapleau PUC's due diligence inspection was performed September 2016 with no issues reported.

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

Chapleau PUC has no reported electrical incidence.

System Reliability

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

Chapleau PUC had a decrease in the number of outages from 35 in 2015 to 17 in 2016. Of the 17 outages, 6 were loss of supply or scheduled outages. The loss of supply outages are a combination of scheduled outages and loss of supply to 340 of our customers from a Hydro One feeder. The scheduled outages are a combination of outages scheduled by the LDC and Hydro One. The remaining 11 outages were short in nature and breakdown as follows:

- Foreign Interference 4
- Defective Equipment 5
- Adverse Weather 2

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

Chapleau PUC's average number of time power was interrupted has improved from 2015 at 1.07 to 2016 .63. Chapleau PUC will continue to monitor its assets with yearly infrared scans of the station and the entire distribution system, as well as station inspection and every 2-month system deficiency patrols.

Asset Management

- **Distribution System Plan Implementation Progress**

Chapleau PUC submitted a DSP with its 2016 COS. We received a list of not completed sections of the plan from the OEB with regards to our DSP. Because of this, we have asked for an extension to re-submit the plan. Chapleau PUC's DSP serves to outline how the utility will develop, manage and maintain its distribution system equipment to provide a safe, reliable, efficient and cost-effective distribution system. Chapleau PUC's DSP is aggressively moving toward lowering line losses. Although in 2016 Chapleau PUC did not have a formal DSP, the company still engages in capital project that serves to develop and maintain its distribution system.

Cost Control

- **Efficiency Assessment**

Electricity distributors are divided into 5 groups based on the difference between their actual and predicted costs. Chapleau PUC is in the same group as it was in 2015 (Group IV). This group is utilities that have costs in excess of 10% to 25% of that predicted and receives a stretch factor of 0.45%. The 2016 Benchmarking update report has 13 utilities in Group IV up from 11 in 2015.

The actual cost performance of 68 LDC's benchmarked was better than predicted by the model. August 2014 – 2016 cost performance for the industry improved by .88%.

Chapleau PUC has experienced an increase in its total cost required to deliver quality and reliable services to our customers. Growth in employee compensation costs along with increase in renewal spending have all contributed to increased operating and capital costs.

Chapleau PUC will continue working pro-actively with replacing assets and work towards improving 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 for 2016 is \$740.00 an increase of \$5.00 from 2015.

- **Total Cost per Km of Line**

This measure uses the same total cost 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 2016 rate is \$34,163 per km of line. This is a slight increase from the 2015 figure of \$33,436.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Energy Savings (percent of target achieved) Chapleau PUC is based on new 2015-2020 conservation first framework. Chapleau PUC is a member of a group with 2 other utilities (Grimsby and Hearst Power) and as a group we have reached our 2016 target. By working together, this group has found efficiencies in the delivery of conservation and this will lead to cost savings for electricity customers. As a group, our target sits at 1,057.69 Mwh to 2020. The group's progress toward the 2020 goal is at 35%. The government expenditure for 2016 towards energy savings will be \$18,339 for this group of utilities.

Chapleau PUC has a 2020 target of 1.05 gWh and we are currently at 44.81% of target. Our successful achievement was made possible by the strong participation from local businesses in retrofit programs and energy efficient lighting programs offered to Chapleau PUC consumers through a dedicated expert third party service provider.

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 (FIT) renewable generation connections. The Hydro One transmission circuit is constrained.

- **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. Chapeau PUC has not connected any renewable generation.

Chapeau PUC has no Micro Fit generation connections because of Hydro One's transmission constraints.

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.

Chapeau PUC has maintained a healthy financial condition featuring a strong current ration in 2016 of 2.03.

- **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 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 payment. A debt 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.

Chapeau PUC maintains a strong financial position and has no debt at present.

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

Chapeau PUC's profitability has remained steady during the last 5 years at 9.12%.

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

Chapeau PUC's return achieved in 2016 was -3.82%. 2016 saw an increase in expenses which caused a swing to the negative return in the current year. Additional expenditures were for succession planning for the retirement of the Secretary/Treasurer and the new Management role. These expenditures were a one-time expense due to the transition, therefore should not occur again in the subsequent year.

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.