

Scorecard - Peterborough Distribution Incorporated

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	99.00%	95.30%	98.00%	98.10%	99.10%	↑	90.00%		
		Scheduled Appointments Met On Time	95.00%	98.60%	97.10%	99.10%	99.60%	↑	90.00%		
		Telephone Calls Answered On Time	73.00%	77.90%	75.30%	78.90%	76.50%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution						1			
		Billing Accuracy						99.74%	→	98.00%	
		Customer Satisfaction Survey Results					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 [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	1	0	0	→		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.181	0.000	0.000	→		0.025	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	2.11	5.01	2.43	2.73	0.90	↓		at least within 2.11 - 5.01	
		Average Number of Times that Power to a Customer is Interrupted	1.51	2.67	2.12	1.41	0.83	↓		at least within 1.41 - 2.67	
	Asset Management	Distribution System Plan Implementation Progress						84%			
	Cost Control	Efficiency Assessment				4	4	4			
Total Cost per Customer ¹		\$539	\$561	\$539	\$562	\$585					
Total Cost per Km of Line ¹		\$34,213	\$35,756	\$34,091	\$35,731	\$37,415					
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) ²		6.33%	16.89%	33.76%	83.01%	●		8.72MW	
		Net Cumulative Energy Savings (Percent of target achieved)		26.74%	57.60%	74.66%	91.01%	●		38.45GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		0.00%	0.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time				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)	1.28	1.33	1.72	1.79	1.43				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	2.17	1.74	1.29	1.25	1.48				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.01%	8.01%	9.00%	8.98%			
			Achieved		7.24%	4.35%	12.40%	8.15%			

Notes:

- 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.
- 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, Peterborough Distribution Inc. (PDI) exceeded all performance targets with the exception of the two conservation and demand management targets. While PDI did not meet 100% of these targets, our significant progress was recognized during the final year of these 4 year programs. PDI was one of only 13 distributors to achieve better than 80% of their net annual peak demand savings target. The majority of this achievement was the result of deploying close to 8000 devices through the peaksaver PLUS program to provide customers with real time energy consumption data and optimizing heating, air conditioning and water heater time of use.
- Also of note is a significant improvement in system reliability measures in 2014. The average number of hours and the average number of times that power was interrupted to a customer in 2014 was well below the target range. These results were made possible by lower than normal storm activity in 2014 and the continued deployment of PDI’s asset management program and investment in reliable infrastructure.
- In 2015, Peterborough Distribution Inc. will continue to explore opportunities to improve the reliability of our systems, communicate and partner with our customers and drive cost efficiencies within our system.

Service Quality

• New Residential/Small Business Services Connected on Time

In 2014, Peterborough Distribution Inc. connected 99.1% of 214 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). This is a 1% improvement from the previous year and above the OEB-mandated threshold of 90%. In addition, where possible, PDI also coordinates connection activities with other planned construction activities undertaken by the utility, other utilities or municipal and provincial government agencies. PDI continues to work with local municipalities, to further enhance the coordination between municipal and electrical distribution construction activities.

- **Scheduled Appointments Met On Time**

Peterborough Distribution Inc. scheduled 1,903 customer meetings in 2014 to complete work requested by customers, reconnect, or other necessary requests. Consistent with the prior year, the utility met 99.6% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2014 Peterborough Distribution Inc. customer service representatives received over 78,000 calls from customers – over 300 calls per working day. An agent answered calls in 30 seconds or less in 76% of these instances. This result significantly exceeds the OEB-mandated 65% target for timely call response. Results have been consistently in this range over the past several years. We are looking at further improvements by implementing additional tracking mechanisms to more accurately differentiate calls. We continue to make gains in promoting online self-serve features, electronic billing, internal process improvements, and increased customer preference to contact Peterborough Distribution Inc. via email.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) 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 for 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.

For Peterborough Distribution Inc., we interpret First Contact Resolution as a measure of our effectiveness to satisfy customers concerns. We track the number of calls that are escalated to higher levels of management, the reason for the escalation and the result. Customer calls are recorded and a review of calls is conducted as necessary for customer service feedback and improvements, as well as a periodic review for training purposes.

- **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 (OEB) has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2014.

For the period from October 1, 2014 – December 31, 2014 Peterborough Distribution Inc. issued more than 110,000 bills and achieved a billing accuracy of 99.7%. This compares favourably to the prescribed OEB target of 98%.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) 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.

Since 2010, Peterborough Distribution Inc. has participated in the Utility Pulse Customer Satisfaction Survey. 2014 was our third survey. The survey is conducted by selecting random customers in various rate classes. The survey covers many facets of the utility industry which include customer experience when they contact our office. PDI's overall rating is 84%. In comparison, Ontario LDC wide customers rated utilities 77% and nationally utilities are rated at 80%. Many LDC's in the province participate in the Utility Pulse Customer Satisfaction Survey. The overall scorecard rating for PDI was an "A."

Safety

- **Public Safety**

The Ontario Energy Board (OEB) 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**

Peterborough Distribution Inc. promotes public safety in several ways. We present electrical safety to 5-6 schools per year, we have mobile electrical safety presentations at selected public events, and we provide safety links and tips on our website, newsletters, and social media. We participate in emergency awareness planning with our municipal partners to improve safety in the overall community.

Peterborough Distribution Inc. has an outstanding employee safety record. We have won Canada's Safest Employee Gold award in 2012 and Silver in 2014. We achieved Zero Quest Sustainability level in October 2013. The company is working towards the OHSAS 18001 Health and Safety Standard in order to further advance its excellent safety record.

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

Over the past three years, Peterborough Distribution Inc. was compliant 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. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

Peterborough Distribution Inc. did not have any serious electrical incidents related to its infrastructure in 2014. We continue to review opportunities to reduce risk of any future electrical incidents. When new projects are planned, options are reviewed to minimize safety risks associated with our infrastructure. Safety risk is an essential consideration when planning and prioritizing our capital projects.

System Reliability

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

In 2014, the average number of hours that power to a Peterborough Distribution Inc customer was interrupted was much better than our target range. The year 2014 was aided by exceptionally fair weather in our service territory. Peterborough Distribution Inc. did not suffer any major damage from the December 2014 ice storm which caused widespread damage throughout the Greater Toronto Area.

We continue to view reliability of electricity service as a high priority for our customers. Outage events are categorized and reviewed in order to identify opportunities for improvement. After major events, Peterborough Distribution Inc. reviews its outage response and identifies which if any procedures, equipment, or communication needs to be improved upon in order to prevent a future reoccurrence. Reliability risk is an essential consideration when planning and prioritizing our capital projects.

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

In 2014, the average time that power to a Peterborough Distribution Inc. customer was interrupted was better than the target range. 2014 reliability statistics were not impacted by any significant weather related events.

Peterborough Distribution Inc. has adopted a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability. PDI is investigating a Distribution System Automation project on the 27 kV distribution system. This project would help to minimize outage duration and frequency across our system.

Asset Management

- **Distribution System Plan Implementation Progress**

Peterborough Distribution Inc. plans to file an application with the OEB for a full review of its rates effective May 1, 2017. Accordingly, as of September 2015, PDI is in the process of finalizing its Distribution System Plan (“DSP”).

Peterborough Distribution Inc.'s capital plan was 84% completed in 2014. The reason for shortfall was the delay in construction of the new substation due to approval, equipment delivery and weather delays.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group (PEG) 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 and predicted costs. In 2014, for the second year in a row, PDI was placed in Group 4, where a Group 4 distributor is defined as having actual costs that are 10 to 25 percent above predicted costs. Group 4 is considered "less efficient." In 2014, 47% (34 distributors) of the Ontario distributors were ranked as "average efficiency"; 28% were ranked as "more efficient"; 25% were ranked as "less efficient."

As the efficiency assessment is based on the variance between actual costs and costs for PDI as predicted by the Pacific Economics Group, PDI is reviewing both its costs and the factors driving the predicted costs in the PEG model to improve efficiency and advance our assessment rating. Ultimately it is PDI's actual cost per customer, as discussed below that is most relevant in determining the distribution rates to our customers.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Peterborough Distribution Inc.'s capital and operating costs and dividing this cost figure by the total number of customers that PDI serves. In 2014 PDI's total cost per customer was \$585 compared to the provincial average electricity distributor cost per customer of \$641. Lower than average total cost per customer has allowed PDI customers to enjoy lower than average distribution rates. PDI's Total Cost per Customer has increased on average by 2.1% per annum over the period 2010 through 2014. In 2014 total cost per customer increased by 4.1% compared to the prior year as a result of a larger than normal planned capital expenditure program aimed at improving system reliability. Similar to most distributors in the province, PDI has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. PDI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts and continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements.

- **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 PDI operates to serve its customers. PDI's 2014 rate is \$37,415 per km of line, a 4.7% increase over 2013. PDI experienced a low level of growth in its total kilometers of lines due to a low annual customer growth rate. Such a low growth rate has reduced PDI's ability to fund capital renewal and increased operating costs through customer growth. As a result, cost per km of line has increased year over year with the increase in capital and operating costs. See above cost per customer section for cost driver commentary. PDI 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 Annual Peak Demand Savings (Percent of target achieved)**

Peterborough Distribution Inc. is pleased to have achieved 83% of its Net Annual Peak Demand Savings target as at the end of 2014. While short of target, PDI was one of 13 of approximately 68 participating distributors provincially to achieve more than 80% of both their kWh energy and kW demand targets. Under this program, close to 8000 devices were deployed to provide customers with real time data, and optimize water heater time of use. PDI was able to achieve these results by leveraging several of the IESO province-wide demand management programs and increased emphasis on residential demand response and business retrofit programs. This achievement was the result of the hard work of PDI staff and the support of our channel partners.

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

Peterborough Distribution Inc. achieved 91% of its four-year net cumulative energy savings target by the end of 2014. As a result of participation in several of the IESO sponsored programs and partnership efforts with local customers, 35.0 GWh of energy was conserved locally on a target of 38.0 GWh. Our results were made possible through strong participation of local business and industrial customers in our retrofit and energy efficient lighting programs.

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 2014, Peterborough Distribution Inc. completed 9 CIA's, all within the prescribed time limit.

New Micro-embedded Generation Facilities Connected On Time

In 2014, Peterborough Distribution Inc. connected 12 new micro-embedded generation facilities (microFIT projects of less than 10 kW) within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers. Peterborough Distribution Inc. works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

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.

While PDI’s current ratio decreased from 1.79 in 2013 to 1.43 in 2014, it is in line with the 5 year average of 1.51. PDI’s current ratio in subsequent years is expected to be in line with 2014 results.

- **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.

Peterborough Distribution Inc. manages its debt to equity structure consistent with the equity capital mix as set out by the OEB – this is demonstrated by the 2014 debt to equity ratio of 1.48.

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

Peterborough Distribution Inc.’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.98%. 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**

In 2014 Peterborough Distribution Inc. achieved a regulatory return on equity of 8.15%, which is well within the +/-3% range allowed by the OEB. The average return over the past 2 years since a detailed cost of service review was conducted by the OEB on PDI’s rates was 10.3% which is also well within return included in PDI’s approved rates.

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.