

Scorecard - Energy+ Inc.

9/20/2017

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	99.20%	99.30%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	98.70%	99.50%	100.00%	91.70%	100.00%		90.00%		
		Telephone Calls Answered On Time	88.10%	87.30%	83.00%	82.50%	71.50%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution			99.99%	99.99%	99.99%				
		Billing Accuracy			100.00%	99.99%	99.98%		98.00%		
		Customer Satisfaction Survey Results			'A' Rating	A	B				
<b>Operational Effectiveness</b>  Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Level of Public Awareness				85.00%	85.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.85	0.75	0.64	1.08	0.63			0.78	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.29	1.01	1.33	1.36	1.27			1.16	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress			Behind Plan	Behind Plan	On Plan				
	<b>Cost Control</b>	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$593	\$624	\$634	\$646	\$639				
		Total Cost per Km of Line <sup>3</sup>	\$27,417	\$28,714	\$29,241	\$29,524	\$23,739				
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	<b>Conservation &amp; Demand Management</b>	Net Cumulative Energy Savings <sup>4</sup>				18.16%	90.66%			100.95 GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	100.00%	80.00%				
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%		90.00%		
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.00	2.32	0.76	2.10	1.99				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.59	0.57	0.91	1.10	1.10				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.36%	9.36%	9.36%			
			Achieved	9.78%	7.80%	8.32%	10.00%	9.49%			

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

## Appendix A – 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

We are pleased to provide the 2016 Performance Scorecard for Energy+ Inc.

Effective January 1, 2016, Cambridge and North Dumfries Hydro Inc. (“CND”) and Brant County Power Inc. (“BCP”) amalgamated pursuant to the provisions of the Business Corporations Act (Ontario), to continue as one corporation under the name Energy+ Inc. (“Energy+”).

The Energy+ Inc. Scorecard for the year ended December 31, 2016 represents the first year of performance measures reported for the newly amalgamated company, Energy+ Inc. The comparative results included on the Scorecard, i.e. for the preceding four years, represent the results for the former CND. The performance measures of the former BCP up to December 31, 2015 were reported on a separate Scorecard in the prior years.

2016 was a very successful year for Energy+ in terms of performance, and we are proud of the team’s achievements. In addition to meeting or exceeding the performance targets as set out by the Ontario Energy Board for Service Quality, Customer Satisfaction, and Safety, Energy+ accomplished a number of key objectives aligned to our vision “Be the energy company most admired for its innovative people, reliable service, and outstanding performance”:

- Integration of the operations to achieve the expected operating efficiencies and costs savings, including transitioning to one common platform for each of the Customer Information System and Enterprise Resource Planning systems;
- Strong financial performance, with the achievement of \$6.4MM in net income, representing a regulated rate of return of 9.49% to our shareholders, the City of Cambridge and the Township of North Dumfries;
- Energy+ continued to receive an ‘A Stable’ corporate credit rating from Standard & Poor’s (“S&P”) Rating Services, which demonstrates Energy+’s strong financial performance;

- Continued execution of the planned capital expenditure investments as outlined in the Distribution System Plan to ensure the continued reliability of our distribution system;
- As at December 31, 2016, Energy+ has achieved 90.66% of its Net Cumulative Energy Savings target of 101 GWh under the 2015-2020 Conservation First Framework, which was designed by the government to reduce electricity consumption across the Province by 7 terawatt-hours (TWh) or seven billion kilowatt-hours (kWh) by December 31, 2020. Energy+ ranked 4<sup>th</sup> in the Province based on the % of target achieved.
- Transitioned to monthly billing for all customers located in the Cambridge and North Dumfries Service territory in advance of the January 1, 2017 mandated date.

Energy+ Inc. will continue to focus its efforts in 2017 on achieving operating efficiencies and demonstrating continuous improvement in its performance measures. Key objectives in 2017 include: (i) Extension of the Outage Management System to customers in the Brant Service territory; (ii) Enhancements in the area of Asset Management, including the completion of an Asset Condition Assessment and the development of a new long-term Distribution System Capital Plan for Energy+; and (iii) customer engagement initiatives to solicit feedback from our customers on our long-term business and investment plans.

## Service Quality

A core value for Energy+ and its employees is to be Customer Focused. Energy+ is committed to providing excellent services and solutions for our customers, both anticipating and responding to their needs. Energy+ proved its commitment to customer service by exceeding the industry standards in all three of the service quality measures.

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

Energy+ connected approximately 609 new services for our customers, with 100% of the connections completed within 5 working days. This compares to 424 new services and 100% of connections completed within 5 working days in 2015. Energy+ has consistently exceeded the OEB's guideline of 90% completion within 5 working days of the request being made.

- **Scheduled Appointments Met On Time**

Energy+ scheduled 13,311 customer appointments to complete work requested by customers, representing an increase of 1,931 appointments compared to 11,380 in 2015. Energy+ met 100% of these appointments on time. Energy+ has consistently exceeded the industry target of 90%. The percentage of appointments met on time in 2015 was lower and was principally attributable to higher than expected increases in the volume of underground cable locate appointments, particularly in the months of March and April. In 2016, Energy+ hired additional contract resources to support the increased volumes of locates, when necessary.

- **Telephone Calls Answered On Time**

Energy+ received 76,740 telephone calls in 2016, or an average of 295 calls per day. This compares to 78,265 telephone calls in 2015. The monthly average number of calls answered in 2016 was 6,395; from a high of 7,475 answered in November to a low of 5,529 in December. In 2016, 71.5% of telephone calls were answered within 30 seconds, which is lower than the 82.5% achieved in 2015. In early 2016, Energy+ successfully launched its updated Customer Information System, which was configured to include all customer information for the expanded service territory, including electricity, water and wastewater data. As a result of these changes, there was a period of learning and transition for the Customer Care Representatives, which caused longer processing times and, as a result, lower telephone response times. Energy+ has consistently exceeded the industry standard of 65% year over year. Telephone response times fluctuate based on a number of factors including: number of calls, weather related calls, high electricity bills due to extreme weather, available call centre resources, events in the news that drive calls to the call centre, regulatory and rate changes displayed on customer bills, and payment arrangements. All of these factors can result in an increase in call volumes and increased time spent on each call with our customers.

## Customer Satisfaction

- **First Contact Resolution**

Energy+ measures First Contact Resolution as the percentage of customer calls answered whereby the customer's initial request has been satisfied by the Customer Service Representative, as the first point of contact. Customer telephone calls that are not satisfied with the first contact are elevated to a second point of contact for resolution. All customer calls are logged through our telephone software, which allows Energy+ to identify the calls that required a second point of contact.

Energy+ is pleased to report that in 2016, 99.99% of calls received by our Customer Care department were resolved by the first telephone contact, with 55 customer calls identified as requiring a second point of contact. This measure was consistent with 2015.

The OEB does not provide for a specific measure for First Contact Resolution. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this area 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 the commonly defined measure.

- **Billing Accuracy**

The OEB has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2014. The measure is defined as the number of accurate bills issued expressed as a percentage of total bills issued. For the year ended December 31, 2016, Energy+ issued 501,568 bills and achieved a billing accuracy of 99.99%, compared to 336,935 bills and a billing accuracy of 99.99% in 2015. This compared favourably to the prescribed OEB target of 98%. Energy+ transitioned to monthly billing for all of its customers in the Cambridge and North Dumfries service area in the latter part of 2016, resulting in a significant increase in the number of bills issued in 2016.

- **Customer Satisfaction Survey Results**

The 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 OEB is allowing electricity distributors discretion as to how they implement this measure. In consultation with electric utilities and other stakeholders, the OEB has been evaluating a Customer Satisfaction Survey to be used by all electricity distributors as the basis of measuring customer satisfaction, which would align to the OEB defined principles, namely; Power Quality and Reliability, Price, Billing and Payment, Customer Service Experience and Communications. At this time, a standard survey has not been implemented.

Energy+ has a formal policy and procedure in place that outlines the processes for seeking feedback from customers, methods used to gather customer feedback, and how Energy+ will respond to the information obtained from customers. Energy+ obtains customer feedback using various methods, including: (i) engaging the services of an external third party research organization; (ii) internally using Energy+ survey tools; (iii) collecting and evaluating suggestions made by customers when they interact with employees; (iv) participation in community events; (v) meetings with customers; and (vi) feedback obtained through various media channels including social media.

In 2016, Energy+ conducted a bi-ennial Customer Satisfaction Survey of its residential and small commercial customers. This was the first survey to include the expanded customer service territory, namely: Cambridge, North Dumfries and the County of Brant. The survey was an online survey, conducted in-house. This was a new survey for our customers, with new questions being asked, compared to previous surveys. The questions aligned to the OEB defined principles, namely; Power Quality and Reliability, Price, Billing and Payment, Customer Service Experience and Communications.

Energy+ achieved a satisfaction score of “B”, whereby 69% of our customers responded they were Satisfied or Very Satisfied with Energy+ Inc. The survey also polled customers on future investments preferences and provided the opportunity to give feedback on areas that the customer believed Energy+ could change or make improvements on. High electricity rates and improved communication related to outages were the most significant areas identified by our customers. Priorities for Energy+ to focus on were identified as (i) lower hydro bills; (ii) fewer outages; (iii) improved restoration times; and (iv) timely updates.

Energy+ is committed to customer engagement and satisfaction and will continue to communicate and solicit feedback from our customers to ensure we are achieving our mission of delivering solutions and value added services to our customers.

## Safety

Public safety, and the health and safety of our employees is a core value. Energy+ is dedicated to pursuing excellence in safety and wellness and takes responsibility for our personal safety, the safety of each other and the safety of our customers and communities. We continuously work to strengthen our safety culture. Our employees and contractors are trained and equipped for the hazards that may be encountered while performing their duties. We encourage and promote safety and wellness at work, at home, and in the communities we serve.

In April 2016, Energy+ successfully achieved Gold Level 3 Outcomes Safety Award from the Infrastructure Health & Safety Association (IHSA) Zero Quest Program. This award recognizes Energy+'s commitment to having a fully-integrated and maintained health and safety system and a strong focus on continual improvement.

- **Public Safety**

The public safety measures were new measures for 2014 and have been implemented by the OEB, based upon recommendations provided by the Electrical Safety Association (“ESA”), the agency overseeing electrical safety and inspections in Ontario. The public safety measure includes three components: (i) Public Awareness of Electrical Safety; (ii) Compliance with Ontario Regulation 22/04; and (iii) Serious Electrical Incident Index.

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

The public safety measure is intended to measure the level of awareness of key electrical safety precautions among the public within the electricity distributor’s service territory. It measures the degree of effectiveness for distributor’s activities on preventing electrical accidents and based upon a biennial survey (i.e. every second year) developed by the ESA in consultation with electricity distributors and the Electricity Distributors Association. This component of the public safety measure was introduced in the latter part of 2015 following a public consultation process. The performance target for this measure will be established by the OEB following three years of data collection.

Included in the survey is six core measurement questions which correspond to the six most frequent accidents involving utility equipment in Ontario over the last decade: (1) Likelihood to “call before your dig”; (2) Impact of touching a powerline; (3) Proximity to overhead powerline; (4) Danger of tampering with electrical equipment; (5) Proximity to downed powerline; and (6) Actions taken in vehicle in contact with wires.

Energy+, with the assistance of an experienced third party consultant UtilityPULSE, conducted a telephone survey among 400 members of the general public, 18 years or older, within our geographic service territory. The survey was conducted in accordance with the Scorecard Methodology and Implementation guide published by the OEB in November, 2015.

Energy+ achieved a Public Safety Awareness Index Score of 85% in its first year of the survey conducted in 2015. This result indicates that the majority of the public have a good knowledge or have received information pertaining to the six core measurement questions within the survey. Energy+ will conduct its next Public Awareness Survey for 2017 in the first quarter of 2018.

In 2016, based upon the Public Safety Awareness survey results, Energy+ undertook a number of proactive communication campaigns, in local community newspapers and social media (Twitter, Facebook and YouTube) on topics such as Call Before You Dig, Powerline Safety, Farm Stray Voltage, Safe Holiday Decorating, Drone Safety, and Power Outage safety. Energy+ is a proud sponsor of the Waterloo Region Children's Safety Village and in 2016 Energy+ also sponsored "Adventures in the Village" event at the Children's Safety Village of Brant. Energy+ representatives also regularly visit school and community groups to explain how to stay safe around electricity at home, work and in the community.

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

Energy+ is fully compliant with Ontario Regulation 22/04 ("OR 22/04"), the regulation that dictates the safe design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspections of construction before the electrical distribution system components are placed into service.

Energy+ is committed to ensuring a safe work place and compliance with all applicable regulations. Energy+ has appropriate systems, processes, and procedures in place for ensuring that work is carried out in accordance and in compliance with OR 22/04.

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

Energy+ is pleased to report that it did not experience any serious electrical incidents in the years 2012 to 2016, resulting in a Serious Electrical Incident Index of 0.000 in each of the years.

## System Reliability

Yearly fluctuations in system reliability performance measures can result from variations in weather, such as lightning, excessive snowfalls, and ice storms, as well as defective equipment, foreign interference such as animal contacts, and motor vehicle accidents. As explained previously, the system reliability measures for the historical years 2012 – 2015 represent the former Cambridge and North Dumfries service territory, whereas the 2016 reliability measures are based on the Cambridge and North Dumfries and Brant County service territories. The System Reliability measures for the historical years 2012-2015 have also been adjusted to exclude the impact of Major Events.

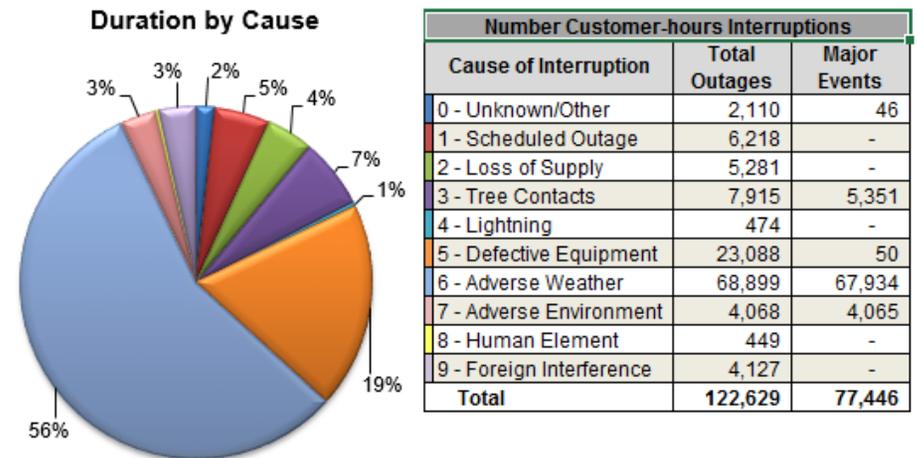
In December 2015, the OEB issued the “*Report of the Board: Electricity Distribution System Reliability: Major Events, Reporting on Major Events and Customer Specific Measures*”. As a result, the OEB made amendments to the reporting requirements in relation to the definition of a Major Event, and the computation of the system reliability measures to exclude Major Events for purposes of the Scorecard.

A Major Event is defined as an event that is beyond the control of the distributor and is (a) unforeseeable; (b) unpredictable; (c) unpreventable; or (d) unavoidable. Such events disrupt normal business operations and occur so infrequently that it would be uneconomical to take them into account when designing and operating the distribution system. Such events cause exceptional and/or extensive damage to assets, they take significantly longer than usual to repair, and they affect a substantial number of customers.

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

This metric represents the average amount of time that electricity supply to a customer is interrupted per year, determined by dividing the total customer hours of all interruptions (excluding interruptions caused by upstream Loss of Supply events to the distributor and major events) divided by the average number of customers served.

In 2016, the measure of Average Number of Hours that Power to a Customer is Interrupted was 0.63, an improvement over the 1.08 reported in 2015, excluding the impact of Major Events. The Scorecard illustrates with a green “target met” upward arrow, that Energy+’s performance is within the OEB defined acceptable target range of 0.78.



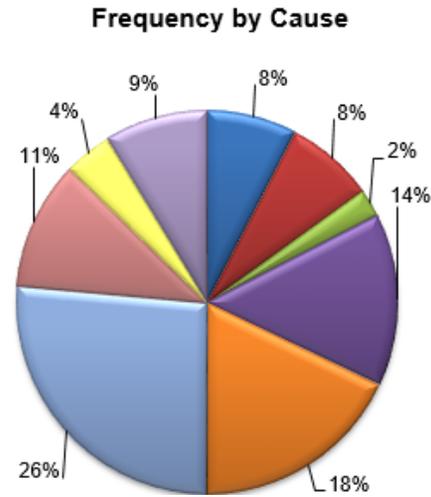
Number Customer-hours Interruptions		
Cause of Interruption	Total Outages	Major Events
0 - Unknown/Other	2,110	46
1 - Scheduled Outage	6,218	-
2 - Loss of Supply	5,281	-
3 - Tree Contacts	7,915	5,351
4 - Lightning	474	-
5 - Defective Equipment	23,088	50
6 - Adverse Weather	68,899	67,934
7 - Adverse Environment	4,068	4,065
8 - Human Element	449	-
9 - Foreign Interference	4,127	-
<b>Total</b>	<b>122,629</b>	<b>77,446</b>

Note: Above illustration includes Major Events

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

This metric represents the average number of times that electricity supply to a customer is interrupted per year, determined by dividing the total number of interruptions (excluding interruptions caused by upstream Loss of Supply events to the distributor and major events) divided by the average number of customers served.

In 2016, the measure of Average Number of Times that Power to a Customer is Interrupted was 1.27, and was below the target set for Energy+ of 1.16. The measure in 2016 was lower than the 1.36 experienced in 2015. With the exception of 2013, which was 1.01, the measure over the past five years has ranged from 1.27 to 1.36.



Number of Customer Interruptions		
Cause of Interruption	Total Outages	Major Events
0 - Unknown/Other	9,830	1
1 - Scheduled Outage	9,711	-
2 - Loss of Supply	3,057	-
3 - Tree Contacts	18,594	6,231
4 - Lightning	150	-
5 - Defective Equipment	23,162	8
6 - Adverse Weather	33,928	24,704
7 - Adverse Environment	14,012	14,011
8 - Human Element	5,184	-
9 - Foreign Interference	11,210	-
<b>Total</b>	<b>128,838</b>	<b>44,955</b>

Note: Above illustration includes Major Events

In 2016, 18% of power outages (based on the number of customers impacted multiplied by the duration) were caused by defective equipment. Excluding the impact of Major Events, over 50% of power outages in 2016 were due to defective equipment. As described more fully in the Asset Management section, Energy+ has invested approximately \$18.1MM during the period 2014 through 2016, or approximately 41% of gross capital expenditures, in the renewal of its distribution system. It will take some time to realize and fully evaluate improvements in reliability due to Energy+'s investment in the replacement of end of life assets.

In 2015, Energy+ implemented an Outage Management System ("OMS"), including the provision of an Outage Map on the Energy+ corporate and mobile websites. The OMS was designed to increase efficiency in identifying, responding to, and shortening restoration times. The Outage Map provides customers with timely updates on the location of outages and restoration status. Throughout 2016, Energy+ collected and updated the OMS system to incorporate the Brant County service territory. In 2017, the Outage Map was extended to all Energy+ customers, throughout its service territories.

## Asset Management

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with the other new measures, electricity distributors were given an opportunity by the OEB to define the measure in the manner that best fits their organization. The OEB may develop a standard in the future, based upon the methodologies that utilities use to define their measure.

The former Cambridge and North Dumfries Hydro Inc. filed a long-term Distribution System Plan (“DSP”), as part of its 2014 Cost of Service Application, which was subsequently approved by the OEB. The DSP outlined the forecasted capital expenditures over a five year period 2014 – 2018 that are required to maintain and expand the distributor’s electricity system to serve its current and future customers. The long-term objective of the DSP is to ensure that the future distribution system is designed to deliver power at the quality and reliability levels required by customers and to minimize the lifetime cost by balancing preventative maintenance, life-extending refurbishment, and end of life replacement. The former BCP did not have an OEB approved DSP.

Subsequent to the acquisition of BCP, Energy+ has been undertaking an Asset Condition Assessment of its assets across all of its service territories to assist in the development a long-term DSP for the newly amalgamated company. Energy+ will file a new DSP as part of its 2019 Cost of Service Application, to be filed in 2018.

The “Distribution System Implementation Progress” measure is intended to assess Energy+’s effectiveness at planning and implementing the DSP. Energy+ measures the progress of its DSP implementation based on the percentage of actual capital expenditures made, compared to the amount of planned capital expenditures per the DSP. The computation is performed on a cumulative basis over the five year term of the DSP. The percentage so determined is then converted based on the following scale:

**>100% completed = Ahead of Plan**

**70% – 100% completed = On Plan**

**<70% completed = Behind Plan**

The former BCP measured the progress of its capital expenditure plan based on the percentage of actual capital expenditures for the year, compared to the budget for the year, using the same scale as above.

In 2016, total gross capital expenditures for the year were \$16.1MM, with \$11.6MM invested in the Cambridge and North Dumfries service

territory and \$4.5MM invested in the Brant County service territory. This compares to \$17.9MM in gross capital expenditures in 2015, with \$14.9MM invested in the Cambridge and North Dumfries service territory and \$2.9MM invested in the Brant County service territory.

As at the end of 2016, Energy+'s progress under the DSP for the Cambridge and North Dumfries service territory has been assessed as "On Plan". This is an improvement from the "Behind Plan" reported in 2015. Total cumulative capital expenditures (net of capital contributions) over the period 2014-2016 were \$28.86MM, or 74% compared to the planned capital expenditures of \$38.92MM. This compares to progress at the end of 2015 which was at 67%.

As Energy+ develops its new long-term DSP, there may be a change in investment priorities between the Cambridge and North Dumfries service territory and the Brant County service territory based on the outcome of the Asset Condition Assessment.

The following tables summarize the actual capital expenditures by category in the Cambridge and North Dumfries service territory, compared to the DSP and the actual capital expenditures by category in the Brant County service territory compared to budget:

	\$MMs	
	Cumulative Actuals	Cumulative DSP
	2014-2016	2014-2016
Distribution System Capital		
System Access	14.53	19.12
System Renewal	14.35	18.32
System Service	1.55	1.66
	30.44	39.10
Non-Distributions Sytem		
General Plant	6.42	8.12
	36.86	47.22
Gross Capital Expenditures	36.86	47.22
Capital Contributions	(8.00)	(8.31)
	28.86	38.92
Net Capital Expenditures	28.86	38.92

Table 1: Cambridge and North Dumfries Service Territory

	\$MMs	
	Cumulative Actuals	Cumulative Budget
	2015-2016	2015-2016
Distribution System Capital		
System Access	2.50	1.82
System Renewal	3.78	3.12
System Service	0.88	0.87
	7.16	5.80
Non-Distributions Sytem		
General Plant	0.27	0.37
	7.42	6.17
Gross Capital Expenditures	7.42	6.17
Capital Contributions	(0.24)	(0.38)
	7.18	5.79
Net Capital Expenditures	7.18	5.79

Table 2: Brant County Service Territory

## Nature of Expenditures by Category

- System Access Investments – modifications, including asset relocations, to a distributor’s distribution system that a distributor is obligated to perform to provide a customer or group of customers with access to electricity services via the distribution system;
- System Renewal Investments – replacing and/or refurbishing system assets to extend the original service life of the assets and thereby maintain the ability of the distributor’s distribution system to provide customers with electricity services;
- System Service Investments – modifications to a distributor’s distribution system to ensure the distribution system continues to meet a distributor’s operational objectives while addressing anticipated future customer service requirements;
- General Plant Investments – modifications, replacements, or additions to a distributor’s assets that are not part of the distribution system, including land and buildings, tools and equipment, rolling stock, and electronic devices and software used to support day to day business and operations activities.

## ***Distribution System Capital***

On a combined basis, System Access projects are trending below plan by approximately \$3.9MM. These planned investments are principally driven by customer demand for services, including new customers, expansion of existing services, and/or modifications, including asset relocations. The timing of such expenditures can vary based on customer demand and scheduling.

On a combined basis, capital expenditures related to the renewal of the distribution system were \$3.3MM lower than planned and was principally attributable to the timing of the planned rebuild projects. Throughout the period 2014 through 2016, Energy+ has revised the timing of its rebuild projects based on priorities within the service territories, resource availability, both internal and contractor resources, as well as the variance in contractor pricing based on the timing of the project.

As noted previously, as Energy+ develops its new long-term DSP, there may be a change in investment priorities between the Cambridge and North Dumfries service territory and the Brant County service territory based on the outcome of the Asset Condition Assessment and customer feedback obtained through our 2017 customer engagement initiatives.

## ***General Plant***

On a combined basis, general plant capital expenditures were approximately \$1.8MM lower than planned, principally explained by lower than expected investments in meter technology. Lower investments in meter technology were principally as a result of lower than expected customer demand for services. Investments in information systems technology over the past three years includes the Outage Management System, as well as upgrades to the Customer Information and Financial Systems.

## Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group 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. Energy+ continues to be placed within Group 3, where a Group 3 distributor is defined as having costs within +/- 10 percent of predicted costs. Group 3 is considered “average efficiency” – in other words, Energy+ costs are within the average cost range for distributors in the Province of Ontario. In 2016, 47% (32 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 24% were ranked as “least efficient”.

Energy+'s vision “Be the energy company most admired for its innovative people, reliable service, and outstanding performance” is focused on achieving efficiencies and improving productivity, while providing value added services to our customers.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Energy+'s capital and operating costs and dividing this cost figure by the total number of customers that Energy+ serves. The cost performance result for 2016 is \$639 per customer, compared to \$646 in 2015 for the former Cambridge and North Dumfries Hydro Inc.

Based upon the Pacific Economic Groups benchmarking analysis, Energy+'s Total Cost per Customer decreased by 9.9% in 2016, with an average decrease of 5.8% per annum over the period 2014 through 2016. These computations were based on aggregating the total costs for the former CND and BCP for the period 2013 to 2015, to allow for a comparison with 2016 actual costs for the amalgamated company. The average 2014-2016 cost performance for the industry was a decrease of 2.64%.

As supported by the decrease in the Total Cost per Customer, the acquisition of BCP, and the subsequent amalgamation, has resulted in annual cost savings. The savings were realized through cost synergies in areas such as: accounting, administration and customer service; and reduction in corporate governance costs, with the consolidation of two Board of Directors to one.

- **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 Energy+ operates to serve its customers. Energy+'s 2016 rate is \$23,739 per Km of line, a decrease compared to the five year average of \$27,727. The lower cost per Km of line in 2016 is not directly comparable to the prior years as the prior year's comparators are that of the former Cambridge and North Dumfries service territory, whereas the 2016 rate is based on the combined costs for the Cambridge and North Dumfries and Brant County service territories. The average rate for the Brant County service territory for the period 2011 through 2015 was \$17,236.

Energy+ has experienced a low level of growth in its Cambridge and North Dumfries service territory over the past five years, both in terms of number of customers and kilometers of lines. As a result, cost per customer and cost per Km of line have increased year over year with the increase in operating and capital expenditures. Utilities with low growth rates with upward cost pressures experience higher increases in cost per customer and cost per Km of line as compared to utilities with higher growth rates that are able to fund capital renewal and operating costs through customer growth.

## **Conservation & Demand Management**

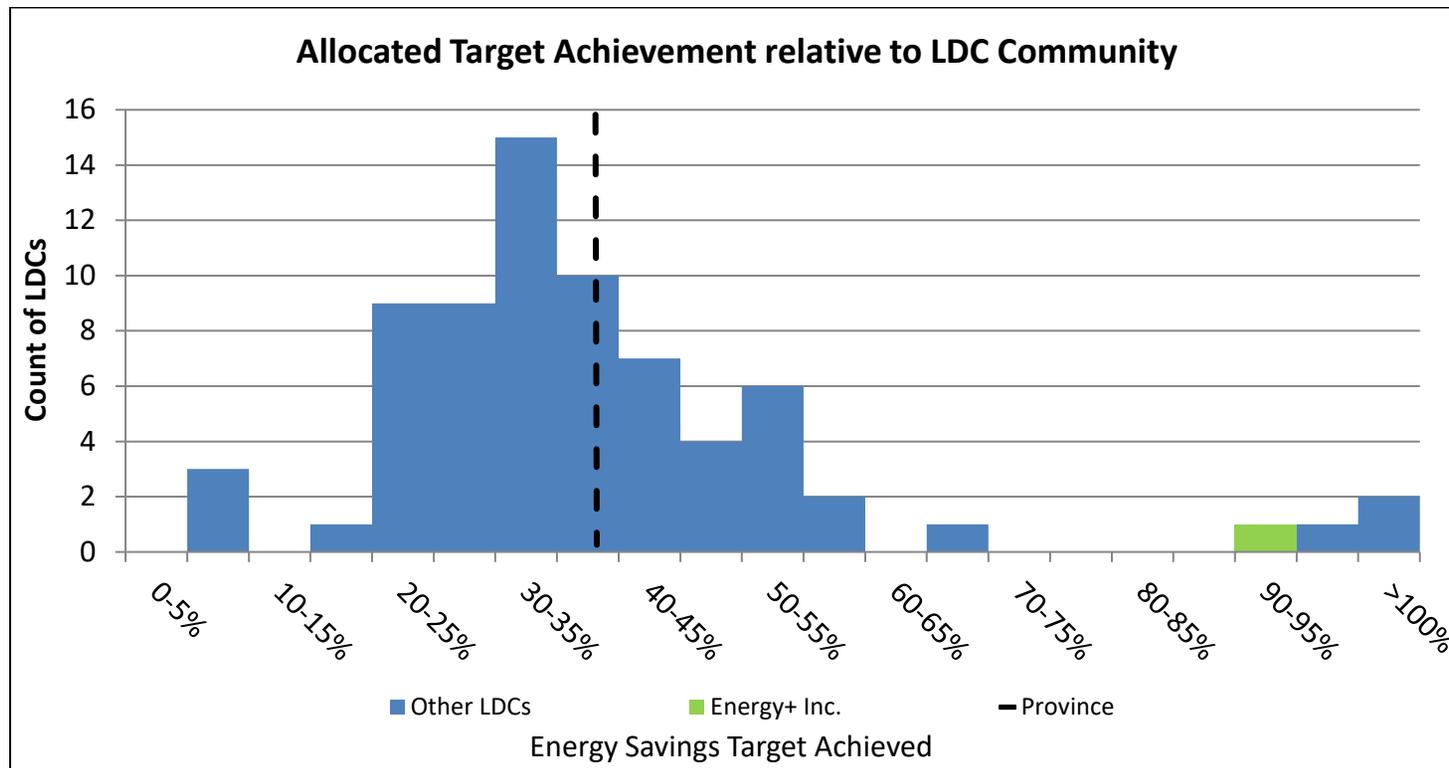
In March, 2014, The Minister of Energy introduced the "Conservation First Framework". The Conservation First Framework is designed to reduce electricity consumption by 7 terawatt-hours (TWh) or seven billion kilowatt-hours (kWh) across the Province of Ontario by December 31, 2020. The implementation of the Conservation First Framework is intended to provide: (i) a streamlined approach for local electricity distribution companies to design province-wide and local saveONenergy programs for customers; (ii) includes an energy efficiency target based on achievable potential in the service territory; and (iii) the flexibility to allocate funding for conservation programs to deliver cost-effective programs to consumers. Energy+'s CDM Plan under the Conservation First Framework was approved by the IESO in August 2015.

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

Energy+'s net cumulative energy savings target has been set at 100.95 GWh over the period 2015 to 2020.

As at December 31, 2016, Energy+ has achieved 90.66% of its Net Cumulative Energy Savings target of 101 GWh. Energy+ was ranked 4<sup>th</sup> in the Province based on the % of target achieved.

The following chart illustrates Energy+'s performance in comparison to the industry.



## 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, Energy+ completed 5 CIAs, an increase of 1 over the 4 completed in 2015. In 2016, 4 of the 5 (or 80%) of the CIAs were completed within the prescribed time limit.

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

In 2016, Energy+ connected 30 new micro-embedded generation facilities (microFIT projects of less than 10 kW) compared to 47 in 2015. 100% of the connections were completed within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the 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.

Energy+’s current ratio of 1.99 at the end of 2016 continues to reflect a strong financial position.

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

The OEB uses a deemed capital structure of 60% debt and 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.

Energy+'s debt to equity ratio was 1.10 in 2015 and 2016, which is within a healthy range of 1.0-1.25, and below the OEB's deemed capital structure. Energy+'s strong financial position is further supported by Standard & Poor's Rating Services rating of "A Stable".

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

Energy+'s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.36%. 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**

Energy+'s return achieved in 2016 was 9.49%, compared to the deemed regulatory return on equity of 9.36% included in distribution rates. Energy+'s return on equity is well within the +/- 3% range allowed by the OEB. The average return over the past three years was 9.3%.

## 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.