

Scorecard - Cambridge and North Dumfries Hydro Inc.

9/23/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	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	99.20%	98.50%	99.40%	99.20%	99.30%		90.00%		
		Scheduled Appointments Met On Time	100.00%	99.90%	99.90%	98.70%	99.50%		90.00%		
		Telephone Calls Answered On Time	77.40%	74.30%	66.20%	88.10%	87.30%		65.00%		
	Customer Satisfaction	First Contact Resolution									
		Billing Accuracy					99.98%				
		Customer Satisfaction Survey Results									
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Public Safety [measure to be determined]									
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	0.51	0.97	0.70	1.00	2.67		at least within 0.51 - 1.00		
		Average Number of Times that Power to a Customer is Interrupted	0.97	0.85	1.30	1.43	2.35		at least within 0.85 - 1.43		
	Asset Management	Distribution System Plan Implementation Progress									
	Cost Control	Efficiency Assessment				3	3				
		Total Cost per Customer [See Note below]	\$532	\$547	\$571	\$593	\$624				
		Total Cost per Km of Line [See Note below]	\$24,147	\$25,037	\$26,301	\$27,417	\$28,714				
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)			18.00%	14.00%	18.20%		17.68MW		
		Net Cumulative Energy Savings (Percent of target achieved)			70.00%	103.00%	133.30%		73.66GWh		
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		85.71%	100.00%	100.00%	100.00%				
		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)	2.13	2.39	2.06	3.00	2.32				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.66	0.66	0.62	0.59	0.57				
		Profitability: Regulatory Return on Equity			Deemed (included in rates)	9.85%	9.85%	9.85%			
				Achieved	9.57%	9.78%	7.80%				

Legend:
 up
 down
 flat
 target met
 target not met

Note
 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.

Management Discussion and Analysis for Year 2013

Service Quality

A Core Value for CNL and its employees is to be Customer Focused. CNL is dedicated to providing excellent service and solutions to our customers, both anticipating and responding to their needs.

CNL's Service Quality Performance in 2013, as well as over the historical period, continued to trend well above the industry target set by the OEB.

Customer Satisfaction

A Core Value for CNL and its employees is to be Customer Focused. CNL is dedicated to providing excellent service and solutions to our customers, both anticipating and responding to their needs.

First Contact Resolution and Billing Accuracy measures are new to CNL and the industry. Measuring and reporting of these performance indicators will be further developed in 2014.

Since 2006, CNL has conducted external market research to gauge customer satisfaction levels with respect to performance and the delivery of services to customers. Such research is generally conducted every two years. In 2012, CNL received an overall Customer Satisfaction rating of A, based on a survey of its residential customers, which exceeded the Ontario average of B+. CNL's 2014 Customer Satisfaction Survey Results are expected to be announced soon.

Safety

One of CNL's strategic imperatives that guide its business conduct and decision making is Safety. CNL is committed to pursuing excellence in safety and wellness. The OEB is consulting with the Electrical Safety Authority and other stakeholders to identify a measure for use as the Public Safety measure.

System Reliability

Yearly fluctuations in system reliability performance measures can result from variations in weather, such as extreme lightning, excessive snowfalls, and ice storms, as well as foreign interference such as animal contacts and motor vehicle accidents.

CNL's 2013 System Reliability measures were unfavourable to the target measure, principally due to three large storms which occurred in April, July, and December 2013. Most notable is the severe ice storm that hit southern and eastern Ontario on December 21st and 22nd, 2013. Approximately 30,000 of CNL's customers were impacted by this storm at various times, representing almost 60% of its customer base. Industry comparatives for these measures were 8.42 and 2.44, based on the 2013 Yearbook of Electricity Distributors.

Asset Management

CNL has developed a long-term Distribution System Plan ("DSP"), which includes comprehensive documentation of CNL's asset management processes and integrated approach to capital expenditure planning over the period 2014-2019. CNL's principle objective with respect to managing its distribution system assets continues to be to optimize performance of the assets at a reasonable cost with due regard for system reliability, public and worker safety, and customer service requirements. Commencing in 2014, CNL will measure and report on its progress in executing the long-term plans outlined in the DSP.

Cost Control

CNL, similar to most utilities in the province, has experienced increases in its total costs required to deliver quality and reliable services to customers. CNL's Total Cost per Customer has increased on average by approximately 4% per annum, based upon a cumulative average growth rate over the period 2009 through 2013. CNL's efficiency ranking is 3, which is considered average for the industry.

Province wide programs such as Smart Meters and 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.

Conservation & Demand Management

With respect to the government mandated Conservation and Demand Management targets to be achieved by licensed electricity distributors by the end of 2014, CNL achieved 35.9% of the Annual Peak Demand Savings (MW) target of 17.68 MW and 133.1% of the Net Energy Savings (Gwh) target of 73.66 Gwh (Source: CNL's 2013 Draft Verified Results issued by the Ontario Power Authority). This compares to an Ontario average of 26.8% and 85.1% respectively.

Connection of Renewable Generation

Renewable generation is an alternative to traditional generation and reduces the strain on the existing electricity grid system. CND continues to work with customers in the preparation of condition impact assessments and in achieving their connections on a timely basis.

Financial Ratios

CND's financial performance, measured by its liquidity, leverage, and profitability achieved, demonstrates a strong financial position and a continued commitment to delivering a return on equity to its shareholders.

The achieved regulatory return on equity in 2013 was approximately 2.05% lower than the return on equity that CND is permitted to earn through distribution rates. This variance is principally explained by an increase in the operating and capital expenditures required to support CND's business that were in excess of the increase in rates permitted by the regulator for 2013, based on an incentive rate mechanism that permitted an inflationary increase, net of a productivity and stretch factor.