

Scorecard - Innpower Corporation

10/7/2020

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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	97.90%	94.80%	93.28%	91.84%	99.56%	↑	90.00%	
		Scheduled Appointments Met On Time	91.80%	95.60%	93.50%	87.21%	98.40%	↑	90.00%	
		Telephone Calls Answered On Time	80.40%	80.10%	80.23%	83.85%	90.40%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution	98.99%	99.4%	99.4%	99.79%	99.93%			
		Billing Accuracy	99.94%	97.97%	99.79%	99.73%	99.88%	↑	98.00%	
		Customer Satisfaction Survey Results	A	B	B	B	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	86.00%	86.00%	85.00%	85.00%	84.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	↔		C
		Serious Electrical Incident Index	Number of General Public Incidents	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	1.47	1.12	1.54	2.66	1.52	↓		2.15
		Average Number of Times that Power to a Customer is Interrupted ²	0.75	1.35	1.05	0.88	0.61	↓		1.37
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In Progress	In Progress	98%	110%			
	Cost Control	Efficiency Assessment	3	3	3	3	3			
		Total Cost per Customer ³	\$883	\$904	\$857	\$834	\$847			
Total Cost per Km of Line ³		\$17,126	\$17,640	\$17,136	\$17,231	\$10,844				
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	14.22%	34.92%	73.53%	84.00%	91.00%			13.01 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.78	0.80	0.88	0.94	1.06			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	2.03	1.78	1.78	1.61	1.60			
		Profitability: Regulatory Deemed (included in rates)	8.98%	8.98%	8.78%	8.78%	8.78%			
		Return on Equity Achieved	7.61%	3.90%	0.94%	11.47%	10.09%			

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 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 now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2019 Scorecard Management Discussion and Analysis (“2019 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 2019 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

Scorecard MD&A - General Overview

2019 continued to be a growth year for InnPower both from a customer base, total customer growth of 3% of which 2.7% was residential customers, and operationally with total capital spending of \$8.6M (2018 - \$5.4M). Throughout 2019, InnPower continued its strategy of reorganizing and refocusing on customers’ needs while continuing to meet the challenges placed on a fast-growing utility. This year saw the implementation of a number of paperless processes and workflow to increase efficiency and continue to achieve on-time results without lost paperwork and lost time.

InnPower continues to anticipate extensive growth in land development throughout our service territory and significant capital additions for the foreseeable future to energize previously unserved areas, primarily in the South Barrie section of the service territory. InnPower did see a slight reduction in development and customer growth, which was largely attributed to increased interest rates and new CMHC Mortgage rules involving “stress test” qualifications to homebuyers.

InnPower continues to spend time and resources to identify and remediate areas in its distribution system which over the years were contributing to customer outages. Beginning in 2018 InnPower’s capital program includes new tools and processes which when implemented reduce the time to identify and rectify issues. Resolving and rectifying identifiable and ongoing issues involving faulty equipment and tree encroachments has allowed for improved system reliability and quicker restoration times.

InnPower’s financial position improved in all its financial ratios, which assisted in achieving a positive return on equity. InnPower continues to look for operating efficiencies in all departments to reduce OM&A and controllable costs per customer to improve its value and reliability to its customers.

Service Quality

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

In 2019, InnPower connected 99.56% of its 454 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 result is about 8% higher than the previous year and continues to surpass the OEB-mandated threshold of 90%.

- **Scheduled Appointments Met On Time**

In 2019, InnPower scheduled and met 98.4% of its appointments to complete work requested by customers to connect services, disconnect services, or otherwise discuss service options in which the customer was met on site. This number is about 11% higher than the previous year and surpasses the OEB-mandated threshold of 90%.

Additionally, in 2019, InnPower scheduled 5,335 (as compared to 5,582 in 2018) appointments for work in which the customer was not met on site and completed in 5 business days. Of the 5,335 scheduled appointments, 5,115 appointments, or 95.88% were completed in 5 business days. This represents roughly no increase from the previous year but continues to surpass the OEB-mandated threshold of 90%.

- **Telephone Calls Answered On Time**

In 2019, InnPower's customer contact center received 22,889 calls that represents a minor decrease compared to 2018. This is an average of approx. 92 calls per working day. InnPower's customer service representatives answered 90.40 % within 30 seconds, which exceeds InnPower's 2018 scorecard as well as the Ontario Energy Board prescribed target levels of 65%. Total qualifying call volume remain similar despite customer growth due to continued communication and engagement strategies with customers through social media, newsletters, website updates, self-serve options and proactive calls to customers. Over 50% of qualifying calls continue to be directly related to payments, payment arrangements and moving inquiries. In addition to calls, InnPower Customer Service served over 6255 walk-in inquiries.

Customer Satisfaction

- **First Contact Resolution**

InnPower defines "First Contact Resolution" as the number of customer enquiries that are resolved the first time they contact the utility, not resulting in the enquiry being escalated to a supervisor or manager.

InnPower measures this through Customer Service agent logged transactions. In 2019, InnPower staff logged 35,355 inquiries of which

29 were not resolved on first contact. InnPower is proud of staff accomplishments to achieve these results and continue to strive to further enhance the customer experience.

Cases where first contact resolution are not met, these examples are used in training opportunities with staff. Updated scripting and procedures on a regular basis ensure consistent and quality messaging are delivered by our staff.

A Customer Satisfaction survey was completed in 2019 with favourable results when compared to 2017. Using feedback from the survey, InnPower is actively looking into ways to continue to improve efficiencies and customer communications.

- **Billing Accuracy**

For the period of January 1, 2019 through December 31, 2019, InnPower issued 223,870 bills and achieved a billing accuracy of 99.88%, which is in line with internal expectations and exceeds the prescribed Ontario Energy Board of 98%. Thorough analysis and internal bill audits ensure InnPower maintains a high billing accuracy percentage.

- **Customer Satisfaction Survey Results**

Customer Satisfaction Survey is a measured via a recurring 2-year cycle for InnPower Corporation customers. The Ontario Energy Board has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

In 2019, InnPower Corporation partnered with UtilityPULSE to conduct a Customer Satisfaction Survey. The survey was completed between August 19th – September 7th, 2019. UtilityPULSE agents contacted 2,607 households and small businesses within InnPower’s service territory. They completed 409 interviews, resulting in a response rate of 16%. The customers were chosen based on a random sample approach, with 85% being residential customers and 15% being commercial customers.

Overall, InnPower received a majority of positive scores across the board and have seen a positive change since 2017, moving from a score of “B” to an “A” as seen in the chart below. In the survey, 86% of respondents agree strongly or somewhat that InnPower is trustworthy, with 85% finding that InnPower is credible. InnPower was favoured by respondents for many reasons including being respected within the community, keeping promises to customers, being customer focused, delivering on service commitments, providing consistent/reliable electricity, handling unplanned outages quickly, providing accurate billing, and more.

	InnPower 2019	InnPower 2017	Ontario 2019
Customer Satisfaction: Initial	89%	80%	92%
Customer Satisfaction: Post	88%	74%	92%
Communication Score	76%	--	79%
Overall Satisfaction with most recent experience	76%	62%	79%
Convenience of Services Score	77%	--	79%
Customer Experience Performance Rating (CEPr)	85%	78%	86%
Customer Centric Engagement Index (CCEI)	85%	75%	83%
Credibility & Trust Index	85%	76%	84%
UtilityPulse Report Card [®]	A	B	A

At InnPower, we believe that there is always room to learn and improve as we strive to offer the best service to our customers. Respondents from this survey were asked to provide suggestions on how InnPower could improve. Based on the customer feedback, the top suggestions include “Better Prices/Lower Rates”, “Better information on outages”, “Better reliability/less outages” and “Better communications”. Given these results, InnPower continues to actively look into ways to improve efficiencies to maintain lower costs, improve infrastructure as needed to increase reliability, provide more timely information during outages and increase communication overall.

Safety

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

Component A is measured via a recurring (2-year cycle) statistical telephone survey (Random Digit Dialing) among 400 members of the general public, 18 years of age or older, residing in InnPower’s geographic service territory. The “Public Awareness of Electrical Safety” survey gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment found in a utility’s territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required.

InnPower undertook the survey in the 1st quarter of 2020 and achieved an 84% in Public Awareness of Electrical Safety. The results continue to show that most customers do have good knowledge of electrical safety or have received information pertaining to the six core measurement questions. At this time, there is no set performance target by the OEB for the public awareness of electrical safety. InnPower will next undertake the Public Awareness of Electrical Safety survey for the 2021 reporting year.

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

Component B consists of a utility's compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service.

InnPower continues to be fully compliant with this regulation through our strong commitment to safety, and the adherence to company procedures and policies.

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

InnPower continues to report zero (0) fatalities and zero (0) serious incidents within its territory. InnPower continues to perform regular site visits and rigorous safety training to identify potential hazards and communicate findings and recommendations to all staff and the public.

System Reliability

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

The “average number of hours that power to a customer is interrupted” is a measure of system reliability or the ability of a system to perform its required function. InnPower views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. InnPower regularly monitors and maintains its distribution system to ensure its level of reliability is maintained as high as reasonably possible. Outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly influence this measure.

For 2019, on average, InnPower customers were out of power, excluding major events and loss of supply, for 1.52 hours (SAIDI-excluding MED and loss of supply) mostly related to defective equipment and tree encroachment. This is a decrease from the previous year of about 43% or 1.14 hours. This is a result, in part, due to improved maintenance practices. InnPower continues to make investments in system reliability through smart devices such as fault indicators, switches, control systems and outage response software, which will continue to help improve overall system reliability over the long term.

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

The “average number of times that power to a customer is interrupted” is also a measure of system reliability and is a high priority for InnPower. As outlined above, outside factors can also greatly influence this measure.

For 2019, on average, InnPower customers experienced approximately 0.61 sustained interruptions over the year, excluding major events and loss of supply (SAIFI-excluding MED and LOS). This is a continued improvement from last year’s number of 0.88, which indicates that system reliability is continuously improving. This metric also continues to be lower than the distributor’s target of 1.37. InnPower continues to strive to provide reliable service to its customers while carefully managing its investment strategies for renewing its aging assets.

Asset Management

- **Distribution System Plan Implementation Progress**

The “Distribution System Plan Implementation Progress” measure is intended to assess InnPower’s effectiveness at planning and implementing its capital expenditures. Consistent with other new measures, utilities are given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

InnPower manages its capital planning and asset management process by means of planned versus actual costs. In 2019, InnPower’s gross capital expenditures were \$8.6M with contributions of \$6.4M. There were a number of significant and fully developer contributed multi year 2018 capital projects that were carried over into 2019 for completion. InnPower continues to monitor and manage its DSP which is currently being driven by significant anticipated growth in current unserved areas of the service territory.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. For 2019, InnPower has maintained its ranking in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs.

- **Total Cost per Customer**

The total number of customers that InnPower serves calculates total cost per customer as the sum of InnPower's capital and operating costs and divided by total customers. InnPower has experienced increases in total costs required to deliver quality, reliable services to customers, manage customer growth and implementing mandated government directives.

The total cost per customer in 2019 is \$847 versus \$834 in 2018 (2017 - \$857) or an increase of 1.5%. InnPower's controllable OM&A (excluding amortization and interest) saw a drop of 2.5% while the number of residential and general service customers continued to increase from 18,163 to 18,632 an increase of 2.6%. InnPower is estimating steady customer growth throughout the service territory for the next 20 to 25 years. InnPower will manage on-going infrastructure investment and maintenance to ensure customer growth exceeds costs growth which will lead to a continued decline in controllable costs per customer.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. InnPower's cost per km of line is \$10,844. Beginning in 2019, the OEB added secondary overhead and underground lines as optional reporting. Prior to 2019 only primary overhead and underground lines required mandatory reporting. For 2019 InnPower included approximately 659 km of secondary lines which were previously not included due secondary being optional reporting.

InnPower's OM&A (excluding amortization and interest) saw a 2.5% drop while the kilometres of line increased from 879 km in 2018 to 1,455 km in 2019 due to the inclusion of secondary lines. InnPower continues to increase both its primary and secondary lines to service areas of its service territory which were previously unserved. As this intensification occurs, InnPower will continue to seek solutions to optimize resources and ensure the cost per km of line is competitive within the market.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

In 2015, InnPower Corporation entered into the 1st year of the Conservation First Framework (CFF) timeframe for 2015 – 2020, transitioning from the previous 2011 – 2014 Conservation and Demand Management Framework. In the CFF framework, InnPower Corporation was allocated a 13.01 GWh target to achieve in cumulative energy savings. On March 21, 2019 the provincial government moved CDM activities away from LDC's and centralized CDM programs through the IESO.

For 2019, InnPower's has achieved 91% or 11.84 GWh of cumulative energy savings towards the assigned target. CDM continues to be managed by the IESO.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of the Generator meeting the requirements outlined in InnPower's Conditions of Service. InnPower has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2019, InnPower completed 2 CIA's presented for design from customers. At year end the CIA's were with Hydro One for their review.

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. The MicroFIT program, which ended in 2018, was replaced with net metering. During 2019, InnPower had no requests for connection of micro-embedded generation facilities within its territory.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

InnPower's current ratio continues to improve and has risen to 1.06 in 2019. There were significant increases to accounts receivable and unbilled revenue compared to moderate increases in accounts payable and a cash deficiency at year end. The increased receivables, which were collected subsequent to the year end, represented recoverable capital contributions for infrastructure work being completed by InnPower.

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

The OEB has developed a deemed utility 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). InnPower's debt to equity ratio stabilized in 2019 with a small decrease from 1.61 to 1.60. The initial increase in 2014 was due to the debt of the new Operations/Corporate Centre. The new building is designed to service customer demand and territory growth in conjunction with the province, county and municipal growth planning. As part of its long-term plan, InnPower has identified its leverage as an ongoing area for improvement to bring it within the deemed capital structure parameters. InnPower is continuing to work towards reducing and stabilizing the debt to equity ratio.

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

InnPower's current distribution rates are approved by the OEB and include a deemed regulated return on equity of 8.78%. The OEB allows a distributor to earn within +/-3% of the deemed return on equity.

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

InnPower's return on equity achieved in 2019 was 10.09%, down from 11.47% in 2018, but still within the OEB +/- 3% of the deemed rate of return of 8.78%. InnPower has been able to reduce its costs per customer from a pre-cost of service application of \$904 to its current \$847. InnPower continues to work towards increased efficiencies to manage and maintain the OM&A as the customer base increases.

Note to Readers of 2019 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.