

Scorecard - North Bay Hydro Distribution Limited

9/23/2015

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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	99.60%	100.00%	100.00%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	76.50%	71.60%	77.20%	78.20%	78.40%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution								4	
		Billing Accuracy				99.9%	99.92%	➡	98.00%		
		Customer Satisfaction Survey Results				93.3%	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	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	2.72	2.87	1.60	2.32	1.95	⬇		at least within 1.60 - 2.87	
		Average Number of Times that Power to a Customer is Interrupted	2.75	2.16	2.29	1.89	1.14	⬇		at least within 1.89 - 2.75	
	Asset Management	Distribution System Plan Implementation Progress								87%	
	Cost Control	Efficiency Assessment				3	3	3			
Total Cost per Customer ¹		\$580	\$605	\$598	\$614	\$659					
Total Cost per Km of Line ¹		\$22,550	\$23,351	\$23,096	\$25,228	\$27,926					
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		19.43%	29.76%	50.08%	70.15%	●		5.05MW	
		Net Cumulative Energy Savings (Percent of target achieved)		35.40%	64.99%	89.77%	107.32%	●		26.10GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	0.00%						
		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)	2.44	1.88	1.98	1.65	1.84				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.90	0.88	0.91	0.72	0.81				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.85%	9.85%			
			Achieved		10.15%	9.08%	8.88%	7.17%			

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

Scorecard MD&A - General Overview

In 2014, North Bay Hydro Distribution Ltd. (“NBHDL”) met or exceeded all performance targets with the exception of CDM Net Annual Peak Demand Savings. NBHDL, much like the broader industry, shifted the CDM focus from peak demand savings to achieving cumulative energy savings of which NBHDL achieved 107% of its target. While not achieving 100% of the peak demand target NBHDL was still able to hit 70% of the target, a successful accomplishment and reflective of the dedication that is brought to promoting and encouraging conservation within the community.

A substantial amount of resources were committed to preparing and submitting NBHDL’s Cost of Service rate application, under the new Renewed Regulatory Framework for Electricity Distributors, for rates and costs that would become effective in 2015. The last rate application that re-set rates was in 2010 and complying with the new RRFE was significantly more costly and labour intensive. Throughout the year, NBHDL made it a priority to engage customers in the development of the rate application and in combination with that a UtilityPULSE customer service satisfaction survey was completed that benchmarked NBHDL at or above Ontario averages for the majority of customer service metrics including an overall “A” rating for customer care, company image and management operations. This survey confirms that NBHDL sets a high standard for performance when it comes to customer care.

NBHDL continued with a large vegetation maintenance program to support reliability and worker and public safety objectives. As part of this initiative, NBHDL interacted directly with customers in how the vegetation maintenance programs could be improved. This engagement identified the need for more communications, education and a desire to have NBHDL directly involved in maintaining and enhancing the green canopy in the City of North Bay. NBHDL has taken steps to improve the program in each of these priority areas. Experience in the GTA just before Christmas 2013 underscores the importance of proper vegetation maintenance around overhead power lines.

Despite the significant increase in regulatory compliance workload in 2014, NBHDL was able to achieve the majority of its planned work program objectives and maintain or improve operational effectiveness; in summary 2014 was a successful year.

In July 2015, the Ontario Energy Board (“OEB”) approved NBHDL’s settlement proposal in relation to the rate application and agreed that the proposal adequately reflected the public interest and results in just and reasonable rates for customers. NBHDL expects to continue to meet or exceed scorecard performance results in 2015 and the approval of the settlement proposal sets the foundation for the next five (5) years.

Service Quality

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

In 2014 approximately 38 eligible low-voltage residential and small business customers were connected to the system within the five-day timeline prescribed by the OEB, 100% of the time. NBHDL has achieved results above the industry target of 90% since 2010 and has done so through a continued commitment to customers and through adherence to processes in place to meet the five-day window.

Where feasible, NBHDL coordinates connection activities with other planned construction activities undertaken by the utility and throughout the City of North Bay. NBHDL attends the annual utilities meeting held by the City’s engineering department and is involved on the City Development and Review Team (“DART”) where representatives from all utilities, City departments (Public Works, Parks and Rec, Economic Development Office (EDO), Fire, etc.) and local agencies (MTO, North Bay and Mattawa Conservation Authority, etc.) review applications put forth to the City that involve new development/servicing, zoning changes, and site plan and control. A strong relationship exists between NBHDL and the EDO and this provides the City with the ability to easily obtain information that helps in attracting new development into the NBHDL service territory.

- **Scheduled Appointments Met On Time**

Approximately 4,700 appointments were scheduled with customers in 2014 for various activities including, but not limited to, work requested by customers, providing underground locate services, meter access and investigation when requested by customers. NBHDL also meets with customers regarding the tree trimming program that includes not only discussing the program itself, but addressing customer concerns and questions and obtaining the proper permissions for tree removal or trimming. Consistent with the prior years, 100% of these appointments were met on time, which significantly exceeds the industry target of 90%.

NBHDL maintains routine appointment scheduling for different activities (ex; service spots are completed every Thursday) and strives to meet appointments on time at all times. If the appointment is initiated by NBHDL, customers are contacted and scheduled at a time that best meets their schedule. In 2011 an automated system was implemented for underground locate requests which now flow through Ontario One Call; once a customer calls into Ontario One Call an email is sent to NBHDL and a work order is automatically created and sent to mobile units in field. Field staff schedule the work within a 5 day window. This automation has created a very efficient process for both customers and employees and, unlike many utilities, NBHDL completes this program with in house staff for quality assurance and flexibility to respond to requests.

- **Telephone Calls Answered On Time**

In 2014 over 29,000 in-coming calls from customers – an average of 115 calls per working day – were handled. A customer service representative answered a call in 30 seconds or less 78% of the time. This result exceeds the OEB mandated 65% target for timely call response. Since 2010, NBHDL has experienced an increase of 21% in the number of calls to its Customer Service Centre and has still consistently performed better than the OEB's target and experienced improvement since 2011.

In 2013, NBHDL restructured its Customer Service department to centralize all inquiries; customers can now call and speak with a representative that is able to handle all manner of inquiry or concern eliminating the need to transfer customers to different individuals or departments – a one-stop shop. It is important to note that, though not a statistic the OEB measures, customer service representatives also serve 15,000-20,000 walk-in customers a year and handled over 10,000 outbound calls in 2014.

Customer Satisfaction

Specific customer satisfaction measurements have not been previously defined across the industry. The OEB has instructed utilities to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by utilities over the next few years and implement a commonly defined measure for these areas in the future. As a result, each utility may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

- **First Contact Resolution**

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

Due to customer demand, NBHDL is one of few utilities to still offer counter service to walk-in customers and front line staff are trained to resolve customers' issues directly, both on the phone and in-person. For NBHDL, First Contact Resolution was measured based on the number of customer concerns that were escalated formally to NBHDL's President or directly to the OEB. NBHDL's customer service representatives endeavor to resolve all customer concerns directly, however, calls can be escalated to department managers either by customer request or in cases where management input is required. Much like the front line staff, management

makes every attempt to resolve the concern in a matter that satisfies the customer and meets internal policies. As a customer centric service provider, NBHDL is typically able to resolve all manner of customer issues, however, in 2014 four (4) concerns were escalated; one (1) to the President and three (3) to the OEB.

In all instances of customer concerns the issue is addressed directly and every attempt is made to ensure the proper processes and policies are in place, and followed, to prevent future escalations and to ensure fairness to all customers and NBHDL while delivering an efficient customer service experience.

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

While the change was mandated for October 1st, NBHDL was able to provide a measure for all of 2014; just over 298,000 bills were issued and NBHDL achieved a billing accuracy of 99.92%, exceeding the prescribed OEB target of 98%. The accuracy rate translates less than 250 inaccurate bills issued throughout 2014. NBHDL continuously monitors its billing accuracy and processes to identify opportunities for improvement and to ensure accurate bills are produced for customers.

- **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.

Regardless of the OEB's formal introduction of Customer Satisfaction Survey Results, customer engagement has always been important to the success of NBHDL, the purpose of which has been to focus on addressing issues of concern raised directly by customers. NBHDL is both proactive and reactive in its customer engagement consultations, the majority of which provide helpful insight in to the day to day operations of NBHDL. Historically, NBHDL has relied on direct, day-to-day, real time interactions with customers to inform decision making, to advise of issues important to customers and to address communication and customer service needs. This type of engagement heavily influenced the substantial customer interaction that took place in 2014 surrounding NBHDL's vegetation management program. NBHDL heard from customers that this was an issue of great importance and acted on that by responding with open houses, customer appointments, media campaigns and engaged a local, community based, environmental group to assist with a plan to maintain the tree canopy in the urban part of the City.

In 2014, as part of the rate application and aligned with the OEB's view to more formal survey results, NBHDL engaged the commonly used UtilityPULSE for a bi-annual formal customer satisfaction survey. This survey is widely utilized among LDCs in Ontario and the results of the survey contribute to benchmarking scores from electric utility customers across Canada. The survey covers a wide range of issues relating to customer satisfaction, service levels, business operations, reliability, conservation, smart meters and smart grid. The survey provides information that supports improving customer care at every level of the business. In addition to providing NBHDL customer responses to a variety of questions, both provincial and national results were provided to give NBHDL a sense of not only where the company stands in terms of customer perception, but how NBHDL fares across other LDCs in Ontario and across the board in Canada. The results of the survey provided a snapshot of performance based on customer responses on 6 categories: Customer Care (Price / Value), Company Image (Corporate Leadership/Stewardship) and Management Operations (Operational Effectiveness / Power Quality & Reliability). NBHDL was graded with an overall "A" compared to an Ontario and National average of "B+". This survey confirms NBHDL sets a high standard for performance when it comes to customer care. As an example, in the category of demonstrating credibility and trust, NBHDL scored 82% (above the Ontario average of 77% and National average of 80%).

NBHDL ensured that its most recent rate application aligned with the concerns and information that was provided from the multiple avenues of customer engagement that took place through 2013-2014 and has taken steps to address and incorporate customer input into future plans. NBHDL will continue to use the bi-annual survey results to benchmark improvement and to identify additional opportunities to enhance customer satisfaction. On-going, daily interactions that leave the customer with the information they need will remain NBHDL's highest priority.

Safety

NBHDL is committed to protecting our workforce, customers, the public and the environment. In addition to achieving compliance with applicable laws, we strive for excellence in our environmental, health and safety performance through adopting good management practices and setting clear objectives and targets for achieving continual improvement. To achieve this, we ensure that environmental, health and safety management accountabilities and responsibilities are clearly defined and understood, that our employees are competent and effectively trained, and that appropriate resources are made available.

NBHDL has a Joint Health and Safety Committee that meets monthly or as determined by the Committee. Multiple safety training sessions are held for staff throughout the year. While formal meetings and training programs are important, safety is a daily focus and practice for all employees. NBHDL makes every effort to eliminate accidents/incidents in the workplace and should an accident/incident occur, it is investigated for cause(s) and recommended action(s) are put in place when necessary to prevent a reoccurrence.

NBHDL reached a milestone of four (4) years no lost time on March 21st, 2015. As of July 31st, 2015, NBHDL employees have worked 1,593 days and 395,244 hours without a lost time incident. Prior to this latest achievement, NBHDL had eight (8) years no lost time on January 31st, 2011; employees worked 629,944 hours and 2,636 days without a lost time. This is an accomplishment to be extremely proud of – NBHDL wants every worker to go home safe at the end of every day.

- **Public Safety**

The 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**

This component of the public safety measure will not have performance data for the 2014 scorecard. The year 2016 will be the first year that the data for this component of measure will be shown on the scorecard for the 2015 results. While not a formal component of the scorecard, NBHDL engages the public on the importance of safety through several avenues. An annual school program for grade school students provides an overview of electrical safety, safety messages, dangers in the home, safety tips and what to do, how to stay aware, and hazards – a dill pickle gets electrocuted in the process! NBHDL website includes a page dedicated to safety. The information provides the hazards and tips on generator safety, what to do when the power goes out, indoor electrical safety, outdoor safety and safety tips for kids. NBHDL promotes the “Call Before You Dig!” campaign with Ontario One Call and included Christmas safety tips and safety information related to vegetation management in bill inserts in 2014.

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

Over the past five years, NBHDL was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by the company's 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**

NBHDL has not had any serious incidents due to contact with its infrastructure by the public over the last five years.

System Reliability

The majority of outages in the NBHDL system can be attributed to 4 OEB codes: Unknown/Other, Tree Contact, Adverse Weather, and Foreign Interference. NBHDL believes the Unknown/Other code is typically related to tree contact or animal contact that cannot be verified. The NBHDL system is predominantly overhead and trend data will always correlate with the number and severity of storms that roll through the City each year, however the outages that are caused by trees can be mitigated. The approach to tree trimming has changed to address the high amount of large mature trees located too close to high voltage lines, trees located directly under high voltage lines that were being topped and not removed (which creates perpetual maintenance costs and recurring safety hazards) and right of ways not cleared back enough at time of trimming to allow for 4 or 5 years of growth.

NBHDL employed a local utility arborist to provide sound arboricultural advice and embarked on a new program that has been very customer inclusive while addressing major safety and reliability concerns. Once all cycles within the City of North Bay are completed to the new standard, it is NBHDL's belief that the number of tree related outages will be reduced and in turn there will be a reduction in the potential of animal contact situations as trees will be at a much greater separation from all high voltage lines. In addition, the new standards will help reduce tree related damage in storm situations and make the system safer for the general public and employees.

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

NBHDL's system reliability has been trending in an improved manner, when analyzed over the past five year period. Variations in the number and severity of storms from one year to the next influence the comparability of the results and 2014 results are largely due to favourable weather resulting in less than typical storm related outages.

NBHDL's control room remotely manages the local grid rerouting power and dispatching crews 24/7/365. NBHDL's crews respond to outages quickly and efficiently and work hard to restore power as quickly as possible.

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

NBHDL's Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 1.14 was well below the target range of 1.89 – 2.75. The frequency of outages was also influenced by the weather experienced in North Bay throughout 2014.

As explained below in the Asset Management section, NBHDL has put together an extensive plan to address aging infrastructure that addresses old and high risk defective equipment. This plan provides 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. NBHDL has a largely overhead supplied system and as a result, power lines are more exposed to the elements. While this leads to more outages than underground supplied systems, the trade-off is lower costs to customers. NBHDL will be transitioning to an automated system for the tracking of reliability metrics, including the analysis of worst performing feeder information and is implementing this project in a further effort to improve reliability. .

Asset Management

• Distribution System Plan Implementation Progress

Distribution System Plan (DSP) implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The DSP outlines a utility's forecasted capital expenditures, over a five year period, required to maintain (and for some utilities expand) the distributor's system to serve its current and future customers. This measure is intended to assess NBHDL's effectiveness at planning and implementing the DSP.

NBHDL owns and operates sixteen (16) municipal stations, has almost 600,000 meters of overhead lines and underground cable circuits and there are fifty-four (54) distribution feeders, eight (8) subtransmission feeders, and 3,147 distribution transformers. A significantly large percentage of the assets employed on NBHDL's distribution system have been in service for much longer than their typical useful life and the main focus of the capital program is investments in system renewal. More specifically, NBHDL has been adhering to a plan to complete a voltage conversion program that began in 1977/1978 – the completion of this project will harmonize the entire system to one distribution voltage for optimal efficiency. In 2013, NBHDL hired a 3rd party expert in the field of asset management to conduct an Asset Condition Assessment to assist in developing the five (5) year DSP with a model that uses data related to the health and condition of assets, including asset age, results of testing and visual inspections to determine the risk of asset failure in order to find the right balance between capital investments in new infrastructure and operating and maintenance costs so that the combined total cost over the life of the asset is minimized.

NBHDL has based the DSP implementation progress as a percentage (%) of budgeted gross capital spending compared to actual spending. NBHDL achieved 87% of the DSP forecasted budget of \$7.1m in 2014. Given the dynamic nature of the business, a number of issues emerge over the course of a year that require the management to postpone, re-prioritize or otherwise amend the capital work plan adopted at the start of the year. External factors such as extreme cold weather and a deep frost line are the type of elements that can have an impact on the ground when executing the work and cause delays that are outside NBHDL's control. Projects in 2014 included 11 different voltage conversion jobs, major betterments on Norman Ave. and Bond, the completion of the work required to support Bell Fibre Op within the City of North Bay, customer demand work, substation work and general operational requirements such as an HVAC system, a building generator, IT requirements and updates to the fleet.

Beginning in 2015, NBHDL will provide formal implementation "progress" in accordance with the proposed measures in the DSP that supplements the 2015 rate application. NBHDL makes every effort to maximize the utilization of assets without compromising reliability or safety and will continue to do so in the future while executing on the DSP. In an effort to manage costs and keep rates low, NBHDL anticipates that capital spending will remain reasonably stable and paced for the 2015 - 2019 planning horizon.

Cost Control

• Efficiency Assessment

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC (PEG) 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 third year in a row, NBHDL was placed in Group 3, which is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered "average efficiency" – in other words, NBHDL's costs are within the average cost range for distributors in the Province of Ontario. In 2014, 48% (34 distributors) of the Ontario distributors were ranked as "average efficiency"; 27% were ranked as "more efficient"; 25% were ranked as "least efficient. A core objective of NBHDL is to maintain in Group 3.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of NBHDL's capital and operating costs and dividing this cost figure by the total number of customers that NBHDL serves. The cost performance result for 2014 is \$659 /customer which is a \$45 increase per customer over 2013. This total cost figure does not reflect NBHDL's actual costs. Rather, these figures represent econometric values derived by the PEG model in order to rank Ontario utilities on a comparative "same size" basis. The total cost used in these measures reflects the mature state of development seen in Northern Ontario and in North Bay; an aging population with increased demands on service.

NBHDL continually strives to manage costs without unduly affecting service to customers or creating significant rate increases, however, significant changes in the business environment since the last major rate application in 2010 have occurred. Customer expectations have changed and NBHDL has had to adapt to respond to and/or implement multiple provincial policies. Similar to most utilities in the province, NBHDL has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Smart Meters and Time of Use pricing, growth in wage and benefits costs for employees, increased customer engagement, an extensive overhaul to the vegetation management program, increased information technology costs supporting new regulated and internal business processes, as well as investments in the renewal of the distribution system, have all contributed to increased operating and capital costs at NBHDL. Operating costs are those associated with the maintenance, inspection and operation of the system and those associated with metering, billing and collections. NBHDL has experienced a significant increase in its OM&A workload as a result of increased demand by customers for services and has managed this substantial increased workload without a major change to staffing levels. This has been done primarily through productivity improvements. NBHDL intends to continue managing workload increases in this manner and expectations are for a consistent staffing level in the future. NBHDL's capital program is explained in the Asset Management section.

Examples of efforts to reduce costs and achieve productivity improvements include a reduction in inventory of stores materials, purchasing materials through a joint Northern LDC Buying Group, performing substation maintenance activities by training existing in-house staff and providing them with the tools to do so (previously contracted out), utilizing a competitive purchase process and working with other utilities to make a bulk purchase of substation transformers, offering e-billing to customers, bill production and printing has been brought in-house to reduce external costs, managing overtime, automating processes such as locates and disconnect/reconnects in the field, standardizing processes for 3rd party vendors like Cogeco or Bell to attach to poles, and formalizing processes for requests for customer connections. These efforts are reflected in the new rates approved in July 2015 and NBHDL will continue to seek additional cost savings and improve efficiency while maintaining quality customer service and effective asset management.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the cost per customer calculation above, but the total cost is divided by the kilometers of line that NBHDL operates to serve its customers. NBHDL's 2014 rate is \$27,926 per Km of line, a \$2,698 increase over 2013. NBHDL's capital focus is asset renewal which is simply replacing the same Km of line, not increasing total Km; this results in increasing renewal costs each year, but with the same total Km of line. NBHDL also experiences a low level of growth in its total kilometers of lines due to a low annual customer growth rate. In 2013, NBHDL revised its calculation of circuit kilometers for 2009 through 2012 and for comparative purposes would like to provide the following \$/km: 2010 - \$23,920, 2011 - \$24,881 and 2012 - \$24,644.

The City of North Bay has experienced limited growth typical of municipalities in Northern Ontario. Utilities situated in or clustered around the GTA have growth both in customers and lines to service these customers, which are often built by developers. Their metrics can be different than areas or communities served more remote from Toronto. NBHDL uses multiple measures, beyond those used by the OEB to compare 'same size' utilities, to monitor the efficiency of the business and strives to manage costs while delivering on capital and maintenance programs, and will continue to do so.

Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved)**

NBHDL achieved 70% of its CDM peak demand reduction target. The broader industry did not focus on demand saving targets that were developed as part of the 2011-14 framework, the focus shifted to achieving cumulative energy savings.

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

NBHDL delivered 107% of its four-year net cumulative energy savings target. NBHDL was instrumental in having combined heat and power, behind the meter, deemed a qualifying energy efficient technology eligible for incentives and to be acknowledged in contributing to energy efficiency targets and this has assisted many LDC's with the potential to meet targets assigned in the new 2015-2020 framework. The North Bay Regional Health Centre co-generation facility is an excellent example of conservation happening directly in the community. The IESO has acknowledged that one seventh of all CDM results for the 2015-2020 framework will come from behind the meter combined heat and power. NBHDL will continue to be an active partner in the community in promoting conservation at both local and provincial levels.

Connection of Renewable Generation

Ontario runs two renewable generation programs. FIT ("Feed-in Tariff") applicants are those customers setting up solar or other renewable generation equipment to generate more than 10 kW of electricity at a time. MicroFIT applicants are those customers applying to generate electricity at a level less than or equal to 10 kW of electricity at a time. NBHDL encourages customers to participate in the FIT and microFIT programs, and has been able to meet all timelines for assessments and connections.

- **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. There were no CIAs in 2014. NBHDL has three (3) FIT installations with generating capacity of 1.88 MW, including the Merrick Landfill.

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

In 2014, NBHDL connected 2 new micro-embedded generation facilities (microFIT projects of less than 10 kW), both within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. The workflow to connect these projects is very streamlined and NBHDL works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time. NBHDL has thirty-three (33) MFIT installations with generating capacity of .28 MW.

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. NBHDL’s current ratio increased from 1.65 in 2013 to 1.84 in 2014 as a result of long term borrowing that increased cash balances, which was offset by lower accounts receivable and current liabilities. NBHDL’s current ratio in subsequent years is expected to remain at current levels or slightly increase with future borrowing and continual management of accounts receivable and liabilities.

- **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. NBHDL’s debt to equity ratio of .81 in 2014 reflects a lower capital mix than 60/40, however, NBHDL took on additional debt in 2014 (which is reflected in the increase from .72 in 2013) and will be taking advantage of low interest rates for optimal borrowing in 2015.

NBHDL manages its liquidity and debt to support its financial obligations and execute its operating and capital plans as well as maintain capacity and access to capital to support future development of the business. NBHDL’s liquidity and leverage ratios are strong compared to the required covenant levels imposed by lenders.

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

NBHDL’s 2014 distribution rates were approved by the OEB in 2010 and include an expected (deemed) regulatory return on equity of 9.85%. 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**

Since rebasing in 2010, NBHDL has achieved a return on equity within the levels approved by the OEB. NBHDL’s return achieved in 2014 was 7.17%, which is within the +/-3% range allowed, but the lowest ROE achieved since 2010. Productivity improvements and operational efficiencies have enabled NBHDL to stay within the OEB range for ROE since 2010 and these efficiencies have been reflected in the rates approved in July 2015. NBHDL will continue to seek process improvements, find efficiencies and manage costs while delivering on the operational and capital programs that have been put before the OEB. NBHDL will continue to deliver electricity to its customers in a safe, reliable and efficient manner that provides good value for money while being responsive to customer and community needs and contributing to provincial and local public policy objectives.

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.