

## OPUCN CUSTOM INCENTIVE RATE PLAN 2015-2019

### 2015 - 2016 PERFORMANCE REPORT

1. In its 2015 Decision the OEB directed OPUCN report on the following metrics which it proposed for its CIR Plan:
  - (a) Its OEB scorecard;
  - (b) Its OEB service quality levels (which OPUCN undertook to maintain at 2014 levels); and
  - (c) Outage reductions achieved as a result of its program to replace porcelain insulators and reduce foreign interference (animal contact).

### OEB Scorecard

2. The following is a copy of OPUCN's latest scorecard including results for 2016 which have not yet been released by the Board:

Scorecard - Oshawa PUC Networks Inc. 6/28/2017

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	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	91.00%	97.60%	95.60%	95.40%	92.60%	⬆️	90.00%	
		Scheduled Appointments Met On Time	99.90%	98.90%	100.00%	99.60%	100.00%	⬆️	90.00%	
		Telephone Calls Answered On Time	71.30%	71.50%	72.00%	70.20%	73.70%	⬆️	65.00%	
	Customer Satisfaction	First Contact Resolution			4 calls	149	521			
		Billing Accuracy			99.88%	99.93%	99.94%	⬆️	98.00%	
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					85.00%	85.00%	⬆️	
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	Nil	C	C	C	C	⬆️		C
	System Reliability	Serious Electrical Incident Index	0	0	0	0	0	⬆️	0	0
		Number of General Public Incidents Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	⬆️	0.015	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>					2.61			
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>					2.06			
	Asset Management	Distribution System Plan Implementation Progress			Submitted	99%	97%			
	Cost Control	Efficiency Assessment	2	2	2	2				
		Total Cost per Customer <sup>3</sup>	\$510	\$505	\$519	\$545				
	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	Total Cost per Km of Line <sup>3</sup>	\$27,330	\$27,050	\$29,881	\$31,719			
Net Cumulative Energy Savings <sup>4</sup>						6.91%			73.01 GWh	
Financial Performance Financial viability is maintained, and savings from operational effectiveness are sustainable.	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%		100.00%				
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	⬆️	90.00%	
	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.71	1.19	0.84	1.16	1.16			
Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.80	0.77	0.78	1.12	1.04				
Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.42%	9.42%	9.30%	9.30%				
	Achieved	10.18%	6.47%	6.41%	7.59%	9.97%				

Legend: 5-year trend  
 ⬆️ up ⬇️ down ↔ flat  
 Current year  
 ● target met ● target not met

- There have been no changes to OPUCN's scorecard performance in 2016 relative to 2015.

**Service Quality**

- With respect service quality metrics, which OPUCN undertook to maintain at 2014 levels, targets were achieved in all areas with the exception of "New residential/small businesses services connected on time". OPUCN fell below the 2014 level of 95.60% to 92.60% in 2016. OPUCN is assessing its performance in this area and believes improvements can be made to obtain historically achieved levels. OPUCN's performance remains above the OEB minimum requirement of 90%.
- The following table is provided to compare system reliability from 2014 through 2016:

**Table 22**

<b>Metric</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2016 (Adjusted)</b>
Average Number of Hours that Power to a Customer is Interrupted	1.34	1.21	2.61	1.06
Average Number of Times that Power to a Customer is Interrupted	1.19	1.27	2.06	1.43

- There was a single event that occurred November 14th which significantly affected OPUCN's reliability metrics for 2016. The 2016 (Adjusted) column highlights the impact of that single event. After adjusting for the event, reliability metrics were more in line with OPUCN's targets.
- The impact of this one outage was significant to our results for 2016 and we believe could have classified MOE, qualified under the IEEE standard 1366-2012

definition, and thereby excluded from normal reliability reporting. However, after discussions with Board Staff, we agreed this event should be classified as controllable and included in the results for 2016 outage statistics as reported.

8. This event was the second largest outage event experienced in OPUCN's long term history of reporting outage statistics, behind only the ice storm event in 2013. This single event involved 25% of our distribution system and impacted over 30% of our customer base.
9. For 2017 there is significant improvement in our year-to-date results which is trending to be one of the best years for reliability performance.
10. Year-to-date results, through June 30, 2017 are: 0.03 for average number of hours that power to a customer is interrupted; and, 0.48 average number of times that power to a customer is interrupted.

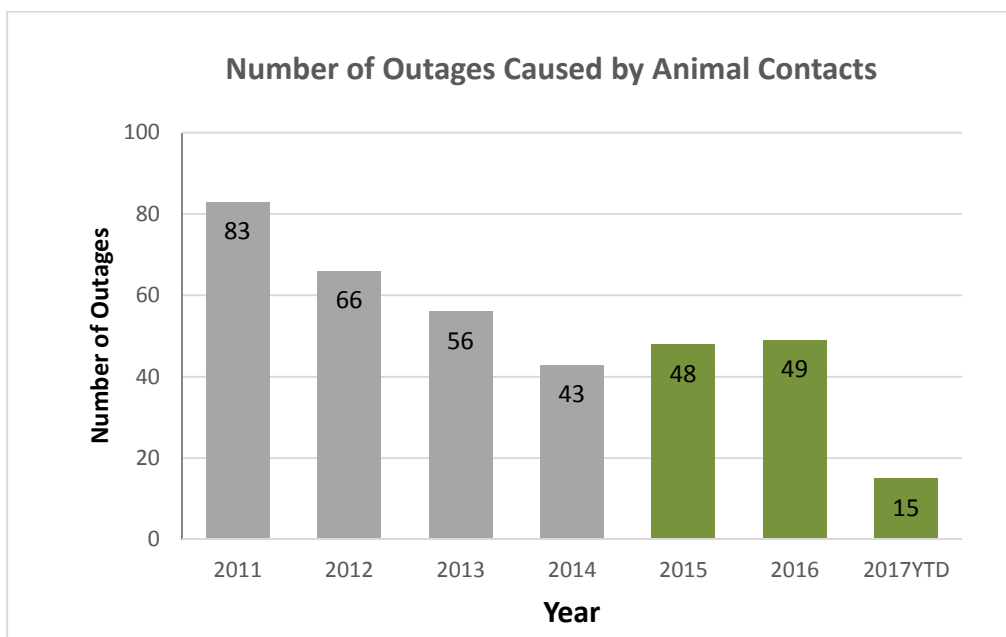
### **Outage Results**

11. OPUCN's Capital Investment Plan for the five year planning period 2015-2019 was developed to meet and enhance the electricity needs of, and services to, its customers, through implementation of safe, reliable and cost effective investment solutions including but not limited to the planned improvement on outages caused by the following:
  - (a) Animal Contact;
  - (b) Porcelain Insulators; and
  - (c) Porcelain Switches.
12. Capital investments in these areas have raised legacy construction to current standard design which incorporates the replacement of 15kV insulators to 27kV insulators in order to mitigate the number of animal contacts as well as replacement of defective porcelain insulators and switches. Additional animal

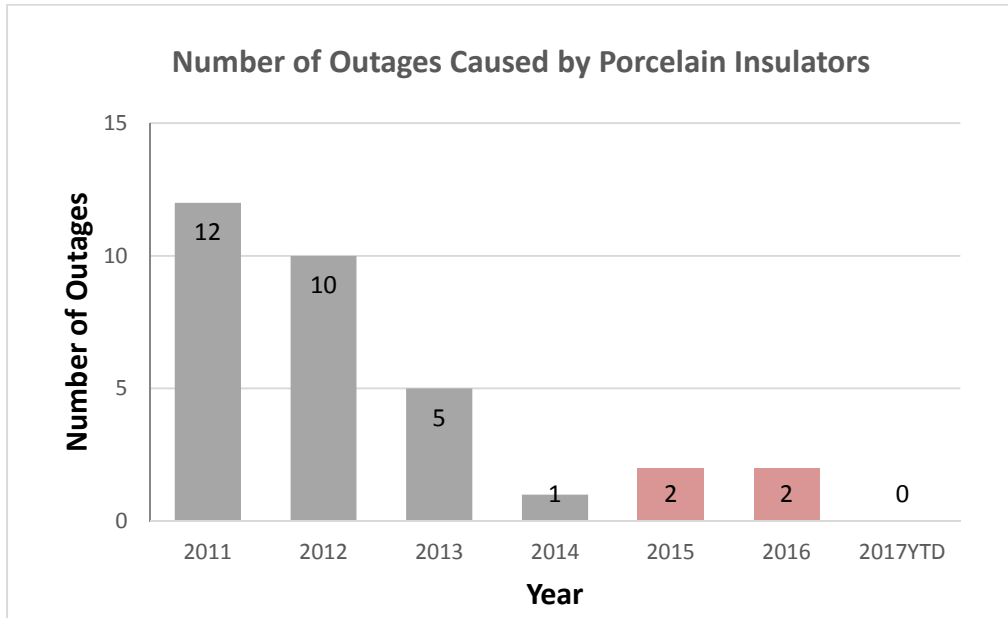
guards were installed in the distribution system to equipment where animal contact usually occurs. An active patrol/replacement of porcelain insulator/switches with newer technology polymer equipment starting with the worst performing feeder was also implemented as part of our mitigation strategy.

13. Additional investments were made to install neutral grounding reactors at substations in 2016 to alleviate short circuit constraints in the distribution system. High short circuit current increases the strain on the distribution equipment and the reactors should reduce the short circuit current levels.
14. The following charts show the number of outages caused by animal contact and porcelain insulators and switches from 2011 to 2017:

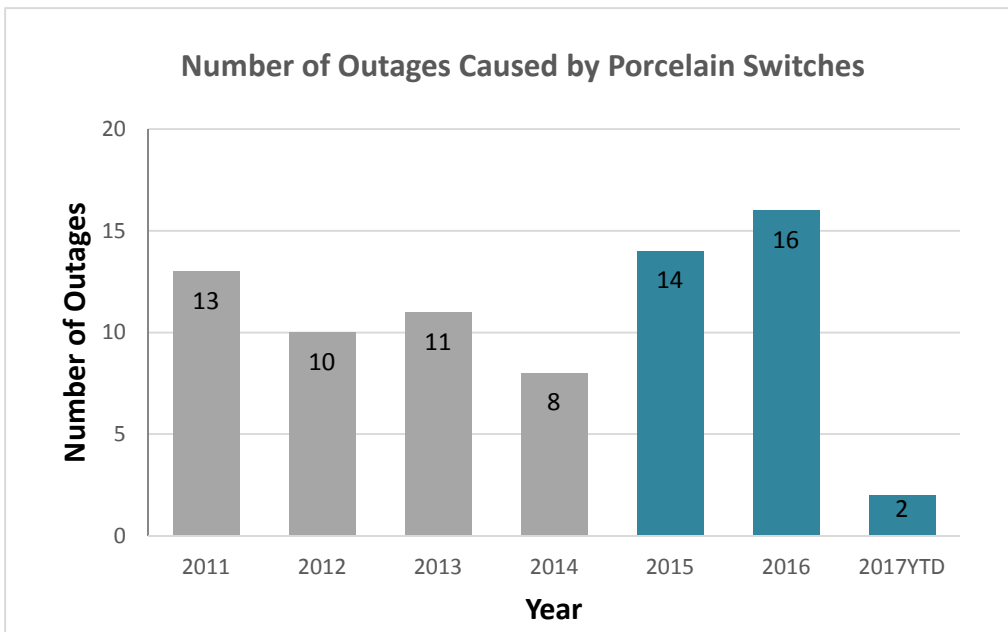
**CHART 1**



**CHART 2**



**CHART 3**



15. The number of outages caused by animal contacts in 2011-2014 was averaging approximately 62 outages annually. The average for 2015 and 2016 improved by approximately 21% as a result of the capital investments.
16. Outages caused by porcelain insulators has also improved over the past couple of years by more than 50% when compared to previous years.
17. Improvements in outages related to porcelain switches were not realized in 2015 or 2016. However, improvements in outages so far in 2017 appear to be materializing from the investments made.