



***Achievement  
Through  
Collaboration***



**2017 Annual Report**

## ***By the Numbers 2017***

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**168,000** LDC Customers

**17** Member LDCs

**2** New Members

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**\$255,544**

Valuation of annual CHEC membership per member LDC

More than

**3 Million MWh**  
of electricity delivered

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**6373.4 MWh** in electricity savings and **658.8 kW**  
in demand savings of electricity delivered facilitated by Roving Energy Manager across 11 LDCs

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## 7 Members

submitted a joint CDM Plan

## 25% Reduction in Cost

(average) using the CHEC Cost of Service Application Process

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## \$5,000 Saved

through Customer Satisfaction and Public Safety Survey group RFP

## 25% Discount

through the group purchase of Ontario Health and Safety Acts

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More than

## 100 Attendees

at the Spring Safety Workshop

More than

## 60 Work Procedures

collected for the Safe Work Procedures Inventory



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## **Message from the Chair**



Once again the past year has been a year of change for CHEC with the Association growing stronger through the addition of Grimsby Power and Tillsonburg Hydro as its newest members.

With a core group of 17 member LDCs, CHEC now represents 168,000 customers and has grown to become an important participant in Ontario's electrical distribution industry.

In 2017, CHEC explored new partnerships and areas for innovation in all portfolios. The resulting initiatives include a training partnership with Hydro Ottawa, the development of a mobile application with Screaming Power, and the completion of the iNotify pilot with Veracity Asset Management. These initiatives are a testament to the strength of CHEC's collaboration and its willingness to explore new initiatives to meet the needs of its members. The arrival of John Sherin, the new President of CHEC, was a change in leadership that will further energize CHEC as it looks to develop and foster relationships and opportunities.

The Valuation of CHEC completed in 2017, that valued CHEC at \$255,544 per LDC, represents a significant recognition of the benefit delivered to our members and provides a tool to quantify the benefits they receive through participation in the organization. Going forward this tool will be an important resource for driving future value for our members.

We have a number of LDCs going through ownership transitions and we were pleased to be able to offer them continued support during these transitions through an accommodation in their membership agreement. Their participation makes the organization stronger and we hope to continue our relationship going forward in whatever form that may take.

The electrical sector continues to evolve and as Chair of the Board I'm pleased with CHEC's readiness and preparedness to meet the changes and to provide the support that our members need. I'd like to thank our members, the Board of Directors and the CHEC staff for their contributions to the achievements over the past year and their continued dedication to this great Association.

A handwritten signature in blue ink, which appears to read "John Walsh". The signature is stylized and fluid.

**John Walsh**

Chair, CHEC Board of Directors

## ***Message from the President***



It has been real pleasure to join the CHEC Association at a time when it is undergoing such significant change and readying itself to enter the next stage of its evolution.

The work done by my predecessor, Gord Eamer, has laid the ground work for CHEC to develop into the areas and spaces that it needs in order to succeed for its members.

Looking back on all that happened in 2017, I have been impressed by the extent of CHEC collaboration and the diversity of the support it provides. Of particular note was its extensive involvement on industry committees and working groups, the signing of a training agreement with Hydro Ottawa, and the on-going support provided for those LDCs going through their Cost of Service applications.

Coming from a conservation background I have a particular appreciation for the extent of the support that CHEC provides to its members in this complex area. The facilitation of the joint CDM plan, the group RFP for conservation program delivery and the shared resource of the Roving Energy Manager are all forward looking shared resources that serve our members well. The addition of two new members to the Association in 2017 plus the valuation that came in at \$255,544 per LDC are clear indicators of the value that CHEC brings to its members and the need for this kind of unique organization.

Along with the Board we plan to continue to aggressively meet the challenges provided by our ever changing industry and through constant, critical support help our LDCs become the energy companies of the future. I'm excited on what this chosen path will bring and look forward to working with everyone going forward.

**John Sherin**

President, CHEC

## Executive Summary

The CHEC organization continued to develop and grow throughout 2017 implementing new initiatives and partnerships to further strengthen the Association and the support that it provides to its members.

CHEC's strength was validated on several fronts in 2017 starting with the addition of Grimsby Power and Tillsonburg Hydro as new members early in the year and the third-party valuation of CHEC that valued the benefits of CHEC membership at an annual savings of \$255,544 per member LDC. All 17 members renewed their three year memberships at the end of the year, with those in ownership transitions renewing through an accommodation.

As a collaborative organization CHEC provides support across the full scope of LDC operations with 2017 seeing a number of new initiatives and changes geared towards providing the services and support needed for our members to successfully respond and adept to the changing requirements of the industry.

CHEC believes strongly in the importance in being involved in the development of the electrical distribution industry and in particular representing the experience and knowledge of the small LDC on industry working groups and initiatives. Key activities in 2017 included representation on the Cyber Security Working Group and the Pole Attachment Working Group at the Ontario Energy Board, providing feedback to the Ministry of Energy on the proposed changes to the Net Metering Regulations, and representation on the Business Working Group at the Independent Electricity System Operator.

New technologies and innovation have seen rapid development in the distribution industry in recent years and CHEC has been involved in several initiatives to ensure its members stay current and have access to the latest technological developments across all portfolios. Of note in 2017 was the release of the Customer Mobile Application in conjunction with Lakefront Utilities and Screaming Power Inc. and the completion of the iNotify pilot project that evaluated the weather notification software.

**Sharing and reducing costs is one of the core benefits of participation in the CHEC Association and 2017 saw considerable achievements in this area.**

Savings were realized through the three group RFPs issued for conservation program delivery as part of the Conservation First Framework, including the new Business Refrigeration Program. A group RFP was issued for the administering of two Customer Satisfaction Surveys and one Public Safety survey with the resulting savings of approximately \$5,000 over three years. Eleven members accessed the services of the Roving Energy Manager providing support for a total of 73 customers and 6,373.4 MWh in electricity savings and 658.8 kW in demand savings.





## Executive Summary

Training is an active area within the Association and 2017 saw the notable achievement of CHEC and Hydro Ottawa signing a Training Services Agreement. This novel training agreement makes industry specific training and the Powerline Technician Apprenticeship Program available to CHEC LDCs in Eastern Ontario. Additional shared training included the two-day Rates Training Session in the fall; Safety Sessions in the spring and fall; Arc Flash Risk Assessment, and Cybersecurity among others.

**A growth area in 2017 came in the analyses and support provided to the CHEC members that delivers specific, relevant analysis to help make informed decisions and deliver effective programs.**

A key new initiative was the formation of the Public Safety Steering Committee to provide support to LDCs as they administer and respond to the Public Awareness of Electrical Safety Survey. Health and Safety Support was broadened through the development of a range of support initiatives including on-site safety talks, a field visit program, and gap analyses. The annual scorecard analysis provided members with a benchmark of their performance with respect to other LDCs within CHEC as well as the province.

CHEC has consistently provided its members with methods to streamline their processes and to reduce costs in their day to day operations. In 2017, seven members participated in the joint CDM plan during the multiple re-submissions required by the IESO. CHEC released the Workplace Violence

Risk Assessment Tool to help its member LDCs meet the requirements in the Occupational Health and Safety Act, and the Communications Master Planning & Tracking Tool helps LDCs at all stages of developing a Communications platform.





## Who We Are



The CHEC Association is a long-standing collaborative organization providing support and resources to small LDCs throughout Ontario. In 2017, the organization had 17 member LDCs that combined served 168,000 customers, employed over 300 individuals and delivered over 3 million MWh of electricity.

The Association leverages the expertise and knowledge of its entire membership to meet and deliver on the changing requirements in the Ontario electrical industry. Access to such a wide breadth of experience along with the expertise of CHEC Staff allows it to deliver best practices and cost efficiencies on the scale of a larger organization while its member LDCs remain as viable, active members of their local communities.

### MEMBERS IN 2017

Centre Wellington Hydro Limited  
Collus PowerStream Corporation  
Grimsby Power Incorporated  
InnPower Corporation  
Lakefront Utilities Incorporated  
Lakeland Power Distribution Limited  
Midland Power Utility Corporation  
Niagara-on-the-Lake Hydro  
Orangeville Hydro Limited  
Orillia Power Corporation  
Ottawa River Power Corporation  
Renfrew Hydro Incorporated  
Rideau St. Lawrence Distribution Incorporated  
Tillsonburg Hydro Incorporated  
Wasaga Distribution Incorporated  
Wellington North Power Incorporated  
West Coast Huron Energy Incorporated

## Who We Are



Clockwise from top:

Wayne Dyce  
Ruth Tyrrell  
John Walsh  
Joanne Tackaberry  
Tim Curtis  
Adam Giddings  
Chris Litschko

### BOARD OF DIRECTORS AND OFFICERS OF THE CORPORATION

#### Chair

John Walsh, Rideau St. Lawrence  
Distribution Inc.

#### Vice-Chair

Chris Litschko, Lakeland Power  
Distribution Ltd

#### Secretary/Treasurer

Tim Curtis, Niagara-on-the-Lake  
Hydro Inc.

#### Director

Wayne Dyce, Centre Wellington  
Hydro Ltd.

#### Director

Adam Giddings, Lakefront  
Utilities Inc.

#### Director

Joanne Tackaberry, Wasaga  
Distribution Inc.

#### Director

Ruth Tyrrell, Orangeville  
Hydro Ltd.

### CHEC STAFF

#### President

John Sherin

#### CDM Portfolio Specialist

Bryanna Boyd

#### Finance/Regulatory Analyst

Ken Robertson

#### Health & Safety Specialist

Taylor McHugh

#### Roving Energy Manager

Khaled Hamel

#### Communications Consultant

Colleen Winter

## ***Delivering Value***

Sharing and reducing costs is one of the core benefits of participation in the CHEC Association



## Delivering Value

### Growing Stronger

CHEC was first established in 2000 as the Organized Power Group. One of the keys of the Association's ongoing strength and longevity has been its ability to change and adapt to the evolving electrical distribution industry and the needs of Ontario's small LDCs. The past year was no exception with the significant changes within the organization positioning it to meet the needs of its members going forward.

#### THE VALUATION OF CHEC

In 2017 CHEC announced the results of the valuation performed by BDO Canada. The Association has a value of \$4,344,256 with an average annual savings of \$255,544 per member LDC. The third-party valuation allows CHEC members to accurately quantify the value of being part of CHEC.

**"This valuation reflects the benefits of the collaborative process," said John Walsh, CEO of Rideau St. Lawrence Distribution and the Chair of the CHEC Board of Directors. "Through their participation in the CHEC Association, our members achieve cost efficiencies comparable to those in larger organizations. We're looking forward to leveraging this model to deliver even further value in the future."**

#### NEW PRESIDENT

CHEC's new President, John Sherin, joined the Association in early December following the retirement of COO Gord Eamer. He brings passion and energy to the position, and will provide the experienced leadership CHEC needs to deliver the flexible, relevant support to meet the needs of our growing community of LDCs.

#### NEW MEMBERS

We were pleased to welcome Grimsby Power and Tillsonburg Hydro as our newest members in 2017. Their membership expands the total number of LDC customers who benefit from CHEC efficiencies and resources and provides an even greater opportunity for increased efficiencies within the organization.

#### FULL MEMBERSHIP RENEWAL

The renewal of all 17 memberships in 2017 at the end of the most recent three year term reflects the success and benefits that CHEC has delivered to its members. Some of our members are currently undergoing ownership transitions and, through an accommodation, have chosen to stay on as active members until their new situations are finalized.

#### VIRTUAL ASSOCIATION

At the end of 2017, CHEC moved to a fully virtual office with all of its staff working from remote offices. The use of technology and improved internal communications has made this an effective transition that has reduced costs and contributed to more streamlined, effective operations.



## Delivering Value

### Industry Input

CHEC believes strongly in contributing to the evolution of the electrical distribution industry. In 2017, the Association provided input to the regulatory bodies that govern the industry on multiple issues and actively participated on working groups across all portfolios. This involvement not only promotes the value of the CHEC organization throughout the industry but provides a strong voice for the small LDC.

#### ONTARIO ENERGY BOARD

Representation on the Cyber Security Working Group during the development of the framework that was released in late December.

Continued participation on the Pole Attachment Working Group that released its proposed policy changes in December of 2017. CHEC also formally responded to the proposed changes.

Submitted collaborative input to the OEB in areas including CI Rates Design, Pension & OPEBs, Updates to Transmission System Code and the Distribution System Code, Customer Support Working Group, Customer Service Rules, and the Affordability Fund Trust.

#### GOVERNMENT MINISTRIES

Provided input twice to the Ministry of Energy on proposed changes to the Net Metering Regulations including Third-Party and Virtual Net Metering. Also provided input on the Ministry's Green Button Initiative.

In partnership with CustomerFirst Inc., provided formal feedback to the Ministry of Energy and Climate Change (MOECC) on a proposal to involve LDCs in the greenhouse gas initiatives.

Representation on the Bill Redesign Working Group along with providing input on the Redesign.

Provided input to the Ministry on LDC Marketing efforts and the PAB Reconciliation, where CHEC filed a formal dispute with the IESO under the Master Agreement between the LDCs and the IESO.

#### INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Participated on the IESO Mid-Term review committee as an observer to ensure the CHEC LDCs had access to the most current and relevant information with respect to the proposed changes.

Continued to be the voice of the small LDC on the IESO Business Working Group in 2017, working to optimize the Small Business Light, Retrofit, and High Performance New Construction programs.

#### ELECTRICAL SAFETY AUTHORITY

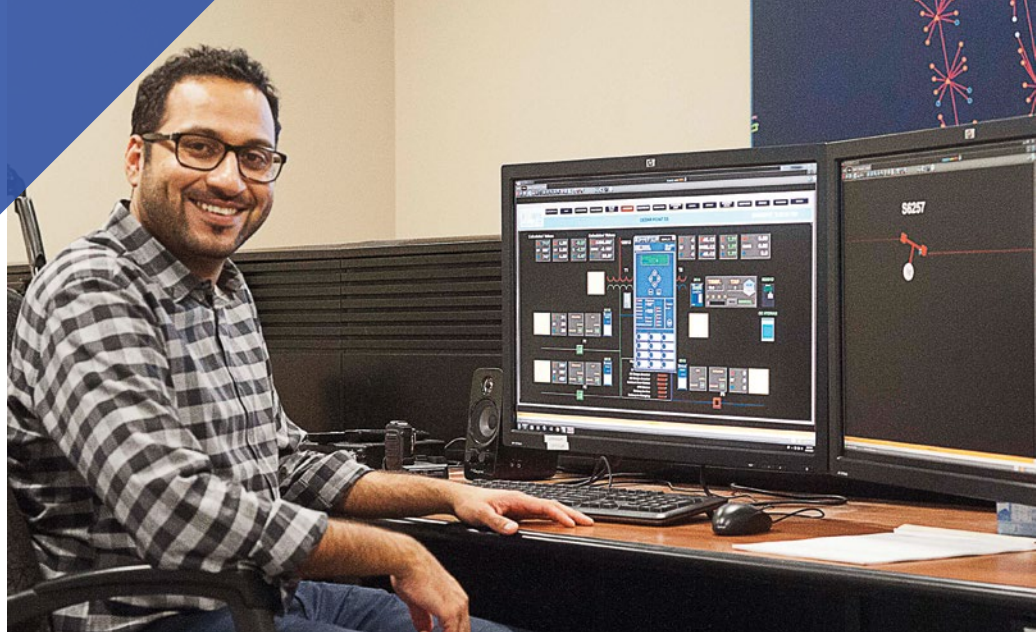
Provided continued input to the Electrical Safety Authority on Regulation 22/04 in respect to reporting requirements of serious electrical incidents.

**“CHEC has an important role as the voice of the small LDC in the on-going evolution of the electrical distribution industry. Our organization is about collaboration and we willingly provide input and share knowledge with the wider industry on the benefits and challenges of delivering value to our customers.”**

— Ruth Tyrrell, Chief Corporate Officer, Orangeville Hydro







### Innovation and Technology

The need to embrace new technologies and to implement innovative solutions is as important element of today's electrical distribution industry. In 2017, CHEC participated in multiple initiatives that explored and developed technology specific to the LDC industry. By exploring these opportunities as a group it allows for a fuller investigation without the full cost of enrolling in the technologies.

#### UTILITY CUSTOMER MOBILE APPLICATION

In partnership with Screaming Power, the CHEC Association and Lakefront Utilities developed the Utility Customer Mobile Application that was the first of its kind in Canada. By leveraging technology, Lakefront helped their customers access and better understand their energy data. The partnership provided Lakefront with a fully developed mobile application and provided other member LDCs with access to the customizable platform without the full cost of development.

#### INOTIFY PILOT

In partnership with Veracity Asset Management Group, ten CHEC LDCs participated in the iNotify pilot, to evaluate the system in providing

advanced weather data, specifically ice buildup and wind, that would allow LDC staff to better prepare for potential outages. The pilot provided specific data by which LDCs could determine the benefit of utilizing the system.

#### TEMAGAMI SOFTWARE EVALUATION

As part of its commitment to investigate programs that would help its LDCs maximize their CDM targets and enhance their conservation program process, CHEC investigated the Temagami CDM software in 2017 to better understand how its benefits and features could assist the CHEC LDCs.

## ***Delivering Value***

### **Sharing Costs/Resources**

One of the core benefits of membership within the CHEC Association is the opportunity to share costs and resources. These initiatives save time and resources for LDC staff, create a simplified procurement process, and often result in significant group discounts. CHEC is continually expanding the areas of shared costs with initiatives in 2017 including group RFPs for both services and products, access to already developed policies and procedures, and a group response to mandated requirements from the OEB and IESO.

#### **CDM PROVINCIAL PROGRAM DELIVERY**

CHEC continued to help its LDCs maximize their mandated conservation targets through the issuing and maintenance of RFPs for provincial conservation program delivery. RFPs in 2017 included the continuation of the contracts for the Small Business Lighting and Retrofit program delivery and the awarding of a new RFP on behalf of 11 CHEC LDCs for the full turn-key delivery of the Business Refrigeration Incentive program. This pooling of resources eases the administrative burden on LDC staff and ensures the programs are delivered cost effectively and according to program guidelines.

#### **CUSTOMER SATISFACTION SURVEY**

CHEC LDCs shared costs in two separate instances in 2017 with respect to the Customer Satisfaction Survey (CSS). The 2016 CSS was carried out in early 2017 for 14 LDCs as part of a previous RFP. In addition, a new RFP was issued for the administering of two CSS and one

Public Safety survey to be carried out in 2018, 2019 and 2020. This resulted in a savings of approximately \$5,000 over three years as well as ensuring surveys are carried out with proper methodology.

#### **ROVING ENERGY MANAGER**

CHEC's Roving Energy Manager (REM) continued to be an essential part of the support that CHEC provides to help LDCs meet the conservation targets required through the Conservation First Framework. The REM as a shared resource provides an opportunity for CHEC LDCs to offer experienced, skilled assistance to their customers looking to implement energy saving projects without the cost of a full time dedicated REM at each LDC. In 2017, 11 CHEC LDCs accessed the REM services providing support to a total of 73 customers and generating 6,373.4 MWh in electricity savings and 658.8 kW in demand savings – far exceeding the original REM 2017 targets of 1,497 MWh and 300 kW respectively.

#### **COMMUNICATIONS SUPPORT**

The CHEC Communications Consultant is in the second year of assisting LDCs and the Association in highlighting their accomplishments, gaining a higher profile in the industry, and engaging with customers. Of particular note in 2017 was the development of the Communications Planning and Tracking Tool, an aid to assist LDCs in developing, implementing, and tracking effective communications plans. Through a strong internal communications platform and an increased presence in the larger industry, CHEC has become a stronger, more cohesive organization.

#### **CHEC COST OF SERVICE APPLICATION PROCESS**

The Rate Application process that was developed internally by CHEC has significantly reduced the amount of time and resources required for member LDCs to file their Cost of Service applications. Some LDCs report savings of up to 25 percent. In 2017, to ensure the model remains



current, updates were carried out on the data storage model to allow LDCs to update critical information for use in the model on an annual basis.

### PUBLIC SAFETY VIDEOS

CHEC was one of over 28 LDCs that participated in the AEUSP public safety video project at a cost equivalent to that of a single LDC. The six public safety videos created and distributed via LDC websites and social media helped to address the safety information covered in the ESA Public Awareness of Electrical Safety Survey. The videos and scripts assisted LDCs in educating customers on electrical safety, increasing awareness and helping to achieve satisfactory survey results.

### MONTIE USB LIBRARY OF SAFETY VIDEOS

CHEC purchased 17 annual licenses for the Montie USB Safety Library. The licenses give LDCs access to over 80 safety videos and facilitator guides to ease preparation and delivery of safety meetings. The bulk purchase saved CHEC LDCs \$415/per license per year.

### ADDITIONAL GROUP PROCUREMENT

CHEC provided multiple opportunities for its member LDCs to benefit from group procurements in 2017 including twelve LDCs receiving a 25 percent discount on the order of the consolidated version of the Ontario Occupational Health and Safety Acts, significant savings through a bulk purchase order for the quarterly mail

inserts required by the Ministry of Energy as part of the Ontario Fair Hydro Plan, and the purchase over 200 updated Job Planning Folders at a reduced cost.

**“The group procurement made ordering the newest Acts so much easier,” said Barb Cesarin, HR Manager at InnPower. “It is important for our staff to have access to the updated Acts as soon as they are available.”**



## Delivering Value

### Training Together

Group training provides significant opportunities for our member LDCs to access skilled, industry specific training for all portfolios at a reduced cost. In 2017, CHEC added training resources that provide access to essential training for LDCs across the organization's entire geographic area.



#### HYDRO OTTAWA TRAINING

During 2017, CHEC and Hydro Ottawa signed a Training Services Agreement that made industry specific training and the Powerline Technician Apprenticeship Program available to CHEC LDCs in Eastern Ontario. The extensive selection of courses with a utility focus and Hydro Ottawa's Training Delivery Agent status provides CHEC with an opportunity for its member LDCs, particularly those located in Eastern Ontario, to procure a new range of training and education services. All CHEC LDCs will have access to a range of courses that are designed to provide training at multiple levels of the utility organization, such as Safety and Trades Training, Professional Development Offerings, and Management and Leadership Development.

**"Collaboration is central to our organization and this agreement is another example of how beneficial working together can be for all parties involved," said former CHEC COO Gord Eamer. "We were able to provide Hydro Ottawa with a group of LDCs that need the courses they are delivering, and Hydro Ottawa provides the utility specific, highly skilled instruction that our members need."**





#### **YEARLY RATES MEETING**

CHEC holds a two-day Rates training session in the fall of each year to assist LDCs that are either currently filing their Cost of Service application or are preparing to do so. On the first day participants receive an update on changes in the industry that are relevant to their applications with the second day providing a hands-on example of filing a mock Cost of Service application.

**“The Rate Session was informative and beneficial for anyone like myself who had not been through a Cost of Service process before. It gave me a better understanding of what to expect and how the CHEC model would help make the process easier.”**

– **Erinn Faris**, Finance Department, Orangeville Hydro Limited.

#### **SAFETY WORKSHOPS**

CHEC delivered two safety sessions in 2017. The Spring session saw record attendance with close to 100 participants from 16 LDCs. The day focused on Quality Job Planning and Tailboard training with separate sessions provided for supervisors and front line workers. The sessions helped both supervisors and workers combat complacency and ensure tailboards remain an important, relevant task.

The fall session drew line workers from 11 LDCs with the theme of Utility Best Practices and Current Happenings in the Industry. The keynote address was on Leading Change and Driving a Culture that Includes Safety. Additional sessions addressed Metering Best Practices, Substation Safety, Current Customer Level Happenings, and Team Building and Conflict Management.

#### **ARC FLASH RISK ASSESSMENT TRAINING**

The three Eastern CHEC LDCs, Rideau St. Lawrence Distribution, Renfrew Hydro and Ottawa River Power, combined resources to offer the half day Arc Flash Risk Assessment course in late 2017. Workers gained insight into other LDC's practices, increased knowledge and awareness to make informed decisions and implement best practices, and gained insight into the process of determining adequate arc flash protection.

#### **SPECIAL TRAINING SESSIONS**

CHEC provides additional training and education to its members for issues that arise throughout the year. Within the Finance area 2017 included bringing the OEB to a Finance meeting to discuss CI Rates Design, inviting the OEB to present on Cybersecurity at the Finance/Operation meeting, and a session delivered by the IESO on Ontario's Physical Markets and Settlements/Commercial Reconciliations.



## **Delivering Value**

### **Delivering Analyses and Support**

Access to analyses and support through the CHEC organization allows LDCs to have informed, comprehensive support without the costs associated with developing the resources in house. CHEC increased its level of support in all areas throughout 2017 to help LDCs efficiently and effectively meet the changing and evolving requirements of the industry.

#### **CONTINUAL HEALTH & SAFETY IMPROVEMENT**

CHEC continued to expand and enhance the Health & Safety support that it provides to its LDCs in 2017. Achievements included a selection of safety talks delivered by the CHEC Health & Safety Specialist on site to individual LDCs upon request, the continuation of the field visit program designed to provide third party analysis and suggestions around safe field operations, a gap analysis to identify additional policies and procedures required in the workplace, and reformatting of a Health & Safety program into a more accessible, up-to-date format.

**“As part of the process of taking over as the Manager of Operations and Engineering, I wanted to get some insights into where we were at,” said Rob Koekkoek, CEO of Orangeville Hydro (formerly Manager of Operations and Engineering.) “Having [the Health & Safety Specialist] come from outside our organization to observe allowed her to provide us with a more objective view of how we perform certain tasks.”**

#### **PUBLIC AWARENESS OF ELECTRICAL SAFETY**

Public Safety became an important area of focus for CHEC in 2017 with the implementation of the Public Awareness of Electrical Safety Survey by the OEB. CHEC took an inventory of the public safety resources and activities within the member LDCs, established a steering committee and developed a Public Safety Plan template to help LDCs easily and effectively implement Plans. A deliverable from this activity includes the six Public Safety Videos referenced in Sharing Costs.

#### **CDM SUPPORT**

CHEC provides a wide range of support in the CDM portfolio to ease the administrative burden on LDC staff and ensure that members achieve or exceed their conservation targets. Support activities include but are not limited to: acting as the main point of contact between the LDCs and the IESO to ensure LDCs stay updated on new programs and reporting requirements; providing training and administrative support to LDCs where required particularly for LDCs without a dedicated CDM staff member; preparation of the data required for the Lost Revenue

Application Mechanism (LRAM) for the IESO for LDCs upon request; and substantial support to facilitate project completion in time for inclusion in the Mid-Term review.

#### **SCORECARD ANALYSIS**

CHEC’s annual scorecard analysis provides member LDCs with a benchmark of their performance with respect to other LDCs within CHEC as well as the province. New this year was the creation of a dynamic report to facilitate tracking and comparison over multiple years. Results from 2016 show CHEC Distributors were similar or better than the Provincial Distributors in terms of performance and productivity. They remain some of the higher performing electrical utilities among the province today.

#### **BILL 148 FAIR WORKPLACES, BETTER JOBS ACT**

During the development of Bill 148 Fair Workplaces, Better Jobs Act CHEC informed and consulted with the LDCs on the impact of the new rules on their operations including the three hour rule. This allowed LDCs to remain up-to-date and informed on the changing legislation.

## ***Delivering Value***

### **Streamlining Processes**

Since its inception, CHEC has consistently provided its members with methods to streamline their processes and to reduce costs in their day to day operations. The initiatives in 2017 spanned all portfolios with LDCs benefitting from the experiences of other LDCs and the sharing of developed resources.

#### **CDM JOINT PLAN SUBMISSION**

Seven CHEC LDCs participated in the joint CDM plan during the multiple re-submissions required by the IESO in 2017. Participating in the joint plan helped LDCs benefit from lessons learned and program feedback from other LDC's plans, reduced the time required to submit the plan and accessed considerable efficiencies of scale. The Joint CDM Plan allows target and budget to be moved between LDCs as well as improved incentives in achieving targets. Support for CDM Plans is also provided to CHEC Members not in the Joint CDM Plan.

#### **WORKPLACE VIOLENCE RISK ASSESSMENT AND TOOL**

In early 2017, CHEC released the Workplace Violence Risk Assessment Tool to help its member LDCs meet the requirements in the Occupational Health and Safety Act. The tool was developed as part of a complete CHEC service that delivers a completed Workplace Violence Risk Assessment, a tool to update and maintain activities between assessments, a list of action items to address areas of potential improvement, and improved knowledge and awareness of the workplace as it relates to workplace violence. Much of the consultation



is provided remotely which saves time, reduces travel and leverages the growing virtual element of the Association.

#### **COMMUNICATIONS MASTER PLANNING & TRACKING TOOL**

CHEC implemented a Communications Working Group in 2017. One of the first resources to be developed was the Communications Master Planning & Tracking Tool that helps LDCs at all stages of developing a Communications platform. The tool aids in monitoring and analyzing their initiatives to ensure they are implementing effective campaigns and making the best use of their resources. The tracking feature allows for easy collection of data when complying with audit requests.

#### **THE SETTLEMENT PROCESS**

In 2017, the OEB introduced new requirements for 1598 and a new

model was introduced by EARTH Corporation. CHEC facilitated the introduction of the new model to the CHEC Finance group, hosted a training session, and a working session with the IESO to ensure LDCs accurately implemented the new changes and had access to the new model that drastically reduced their time to complete the models.

#### **LDC ASSET MAINTENANCE PLAN**

CHEC distributed the LDC Asset Maintenance Plan that provides examples of maintenance programs such as pole testing programs and underground inspections. Having access to programs that have already been developed by other LDCs gives members the opportunity to tap into other LDCs expertise and implement informed, effective programs without the time and cost of development.

## Moving Forward

CHEC will continue to explore new opportunities for helping its member LDCs remain as profitable, successful entities in their communities. This will include forging new partnerships and investigating opportunities that fit well with current LDC activities. There is an opportunity in the industry for LDCs to become the central resource for energy changes in their community. This could include renewable and distributed energy, electric vehicles, smart grids, and energy storage among others. CHEC plans to explore many of these to ensure that CHEC LDCs are an integral part of that development as Ontario builds a modern energy infrastructure. The role of LDCs in their communities is changing and CHEC plans to be there, side by side, developing and implementing new technologies and projects to help their members become the energy companies of the future.



# Financial Summary 2017

## Overview

Revenues received by the CHEC Association are used to deliver a variety of programs and services to member LDCs. These programs and services ensure the organization's sustainability as it works toward being recognized as the premier LDC Cooperative in the Province.

In fiscal year 2017 (FY2017 – January 1, 2017 to December 31, 2017), CHEC achieved a positive change in working funds of \$1.3k, a favourable variance from the budgeted decrease in working funds of \$118.1k. This result was due to a concerted effort across the organization to manage costs and improve efficiencies, while continuing to meet the expectations of its membership. These funds remain with the Association for future use by the member LDCs.

Overall, good progress was made during the past year. FY2017 saw growth in revenue from two full time new member LDCs as well as an improvement on programs and services offered in previous years. Progress has been achieved through innovation, efficiency gains and diligent cost management. CHEC management and the CHEC Board of Directors continue to execute a multi-year strategy that includes the strategic offering of programs and services, while ensuring the organization continues to evolve to meet the demanding challenges of the industry and its members.

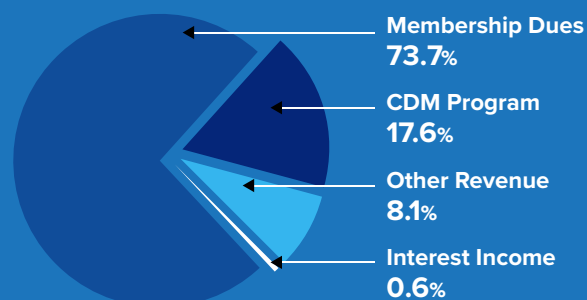
## REVENUE

FY2017 revenue from operations was \$649.2k, a decrease of 8.9% from the previous year. CHEC's revenues are primarily generated by membership dues (74%), with CDM revenues, other revenues, and investment income comprising the balance of business income.

The increase in membership dues for 2017 was a result of Grimsby Power and Tillsonburg Hydro coming on board with the CHEC Group in 2017. CHEC membership has typically increased by 1 or 2 new member LDCs each year over the last three years. CDM Program Fees are generated from those member LDCs who wish to participate in CHEC's CDM portfolio of services. Other revenues consist

primarily of training, meeting and other services offered to member LDCs throughout the year. Other revenues are somewhat deflated for 2017 as the ESA and Customer Satisfaction Survey are now funded directly through the members. These services are not intended to generate a profit but are generally recoverable at a rate that will offset the expenses associated with the services. Other revenues can vary somewhat as they are dependent on the services offered in a particular year. When not required for operations, excess reserves within CHEC are invested in order to generate interest income on funds that would otherwise be sitting idle.

## 2017 Revenues



## Financial Summary 2017

### EXPENSES

CHEC expenses in FY2017 were \$648.0k, a decrease of 4.7% from the previous year. The decrease in expenses was driven primarily by the change in special projects, which are defined by CHEC management and the CHEC Board of Directors on an annual basis. Special projects for FY2017 included the continued use of a Communication Consultant, modernization of the CHEC Website, and efforts to replace the COO, who retired at the end of 2017.

Recoverable expenses and meetings are the two major expenses categories that also vary somewhat during the course of the year. Recoverable expenses are those expenses primarily related to training and special events. For 2017, these costs were drastically reduced as survey responsibility was moved off to the members. Meeting expenses are primarily related to the events that CHEC hosts during the year to promote collaboration, sharing of information and networking. Both expense categories vary as the

needs of the member LDCs evolve. Other OM&A expenses constituted the normal operating expenses of the association and are relatively stable year-over year.

### CHANGE IN WORKING FUNDS

In FY2017, there was a negative change in working funds before investment income of (\$2.6k). This compares to a positive change in working funds before investment income of \$24.8k in FY2016. Investment income was \$3.9k compared to \$2.7k for the prior year, resulting in a positive change of working funds for FY2017 of \$1.3k compared to \$27.5k for the prior year.

### STATEMENT OF FINANCIAL POSITION

The statement of financial position for CHEC remained stable, with assets exceeding liabilities by \$426.4k. Assets consist mainly of cash and investments, making CHEC very solvent in terms of liquidity. CHEC does not currently carry any capital assets on its financial records.

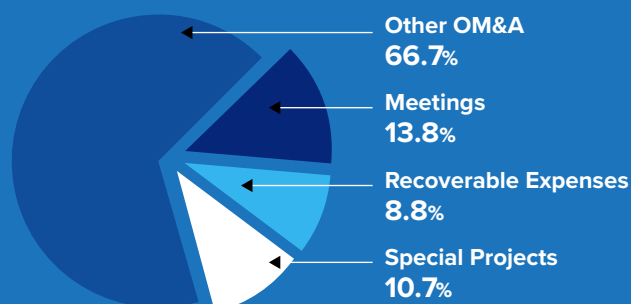
### CONCLUSION

Despite some pressure on expenses, CHEC generated a growth in working funds in FY2017, primarily as a result of prudent cost control and project prioritization. CHEC continues to maintain a solid financial base to support the needs of its member LDCs and management continues to work to achieve break-even performance on operating income.

### FINANCIAL PROJECTIONS

Through the establishment of a three-year business plan, CHEC expects to achieve greater predictability in financial performance and to mitigate the impact of significant factors, including special projects and regulatory mandates. This business plan is refined on an annual basis prior to commencing each fiscal year.

### 2017 Expenses







***Achievement  
Through  
Collaboration***



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