

Scorecard - Tillsonburg Hydro Inc.

8/27/2018

Performance Outcomes	Performance Categories	Measures	2013	2014	2015	2016	2017	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	94.00%	93.10%	94.60%	97.60%	99.47%	↑	90.00%		
		Scheduled Appointments Met On Time	0.00%	95.20%	100.00%	98.30%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	0.00%	71.80%	68.40%	64.00%	84.57%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution			89.4%	95.04%	96.87%	99.3			
		Billing Accuracy			99.81%	99.94%	98.91%	99.36%	↓	98.00%	
		Customer Satisfaction Survey Results				Satisfied	satisfied	satisfied			
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			83.00%	83.00%	81.60%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	NC	NI	NC	NI	↔		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	2.08	0.29	0.75	1.42	1.14	↓		1.25	
		Average Number of Times that Power to a Customer is Interrupted ²	2.58	0.56	1.07	0.77	1.10	↔		0.96	
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	In progress	in progress				
	Cost Control	Efficiency Assessment	4	4	3	3	3				
		Total Cost per Customer ³	\$736	\$658	\$648	\$672	\$654				
		Total Cost per Km of Line ³	\$32,796	\$34,312	\$34,135	\$35,562	\$35,137				
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			16.68%	24.79%	61.79%			11.31 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%							
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.22	1.80	1.78	2.03	2.04				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.08	0.05	0.04	0.02	0.05				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	6.50%	6.63%	11.02%	5.75%	9.73%			

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 new 2015-2020 Conservation First Framework.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Scorecard MD&A- General Overview Tillsonburg Hydro Inc.

During 2017, Tillsonburg Hydro Inc. (THI) did not meet the performance target in 2 specific areas, namely, (1) Level of Compliance with Ontario Regulation 22/04 and (2) System Reliability – Average Number of Interruptions (SAIFI).

- (1) THI takes safety seriously and compliance with Ontario Regulation 22/04 is a key component of safety. THI has been working towards “Compliant” rating for numerous years and has achieved this result for 2018.
- (2) THI’s SAIFI metric was impacted during 2017 by an overall increase in the number of outages under the (a) Scheduled Outage, (b) Defective Equipment and Foreign Interference cause codes. This is a result of a combination of controllable (maintenance activities) and uncontrollable (weather, animal contacts) events.

Service Quality

Tillsonburg Hydro Inc. (THI) strives to provide customer service that exceeds the Ontario Energy Board (OEB) Industry Targets. During 2017 THI continued to exceed the industry targets for all Service Quality measures on the scorecard.

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

THI connected 188 of 189 new services (99.47%) within the 5 business day standard during fiscal 2017; this exceeds the OEB target of 90%.

- **Scheduled Appointments Met On Time**

During fiscal 2017, THI attended 238 of 238 scheduled appointments as scheduled. THI consistently exceeds the OEB target of 90%.

- **Telephone Calls Answered On Time**

THI received a total of 6,507 incoming calls, which met OEB reporting guidelines, during 2017. Of these calls, 5,503 were answered within the 30 second metric used by the OEB resulting in a 84.57% metric. This metric is a vast improvement over historical results. THI will continue to monitor this metric and adjust workflow to keep the positive momentum in the future.

Customer Satisfaction

The satisfaction of customers is of high importance to THI. The Customer Satisfaction metrics on the Scorecard both exceed OEB industry targets and have improved from 2014, 2015 & 2016 results.

- **First Contact Resolution**

THI resolved customer issues 99.3% during the first contact with THI staff during 2017. THI will continue to value customer's time by empowering our staff to resolve customer issues during the first contact.

- **Billing Accuracy**

During 2017, THI produced 79,715 bills and achieved 99.36% accuracy metric. This metric exceeds the 98% industry target set by the OEB and is consistent with historical results.

- **Customer Satisfaction Survey Results**

During 2016, THI participated in a Strategic Planning exercise that included reaching out to the public to identify opportunities and current satisfaction levels. THI also contracted with a 3rd party to obtain customer satisfaction levels from an outbound phone survey. During 2016, THI is also updating our Distribution System Plan (DSP) with increased reached-out to our customers to obtain satisfaction levels.

All of these contact points will be used to obtain a satisfaction rating for 2016 and will be updated in Q1 2018 for future reporting.

- **Public Safety**

The Ontario Energy Board (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**

THI engaged a 3rd party to survey residents within the THI service territory on the level of public awareness on electrical safety. THI achieved a result of 81.6%. While there is currently not an industry target published by the OEB, peer review of other Local Distribution Companies (LDCs), using our same vendor, show that of 15 LDCs data that was available the safety metrics were between 80.4% and 86.2% with the median score of 83.7%. THI's results are consistent with this group.

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

During 2017, THI received a "NI" rating (Needs Improvement), which is an upgrade from our 2016 rating of "NC" (Non-Compliant). During 2018, THI has achieved a "C" rating (Compliant) which will appear on next year's scorecard.

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

For the years 2013 through 2017 THI has not had any "Serious Electrical Incidents". As a result the numbers submitted for THI's scorecard by the Electrical Safety Authority are zeros. THI continues to work with ESA to ensure the distributor has done everything necessary to maintain this level of compliance.

System Reliability

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

During 2017, THI reported a decrease in the Average number of Hours that Power to a customer is interrupted (SAIDI) compared to 2016 returning back to a 2013-2016 historical result.

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

During 2017, THI reported an increase in the Average Number of Times that Power to a customer is interrupted (SAIFI i.e. Frequency) compared to 2016 results. 2017 results (1.10) are above the distributor target of 0.96.

This metric indicates that the average customer in THI service territory experienced 1.1 outages during 2017.

Asset Management

- **Distribution System Plan Implementation Progress**

Tillsonburg Hydro Inc. is in the process of completing our Distribution System Plan and anticipates filing a revised DSP during 2018. Reporting on implementation will commence during 2018/2019 scorecard activity.

Cost Control

- **Efficiency Assessment**

The OEB contracts with 3rd party vendors to rank LDCs in Ontario on an annual basis. The LDCs are ranked into 1 of 5 efficiency categories with category 1 being the most efficient and 5 being the least efficient. During 2017, THI maintained our ranking of group 3. Group 3 LDCs are defined as having actual costs within +/- 10% of predicted costs. Group 3 is the “average LDC”.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of THI capital and operating costs and dividing this cost figure by the total number of customers that THI serves. THI's total cost per customer in 2017 was \$654 which is a slight decrease (lower Cost / Customer) compared to historical values

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above, The Total cost is divided by the kilometers of line that THI operates to serve its customers. THI's total cost per Km of Line in 2017 is \$35,137 based on 134km of line. This is a slight decrease (lower Cost / km of Line) compared 2016 values.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

THI's Net Cumulative Energy Savings for 2017 were reported at 6,988 MWh (or 6,988,449 kWh) as a percentage of our 2015-2020 allocated target of 11,310 MWh, representing 61.79% of the allocated target. THI has partnered with London Hydro to deliver the Conservation First Framework (CFF) conservation program.

Connection of Renewable Generation

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

All of THI's current feeders are supplied out of the Hydro One owned Tillsonburg TS. Due to an upstream restriction on the Transmission system THI has historically, not allowed to connect any Renewable Generation. A combination of this restriction and the industry environment resulted in THI not processing any Connection Impact Assessments during 2017.

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

As a result of the Hydro One Transmission System restriction upstream of the Tillsonburg TS, THI did not accepting or connecting applications for Micro-embedded generation facilities during 2017.

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 risk to cover the company’s short-term debts and financial obligations.

Tillsonburg Hydro Inc.’s current ratio marginally increased from 2.03 in 2016 to 2.04 during 2017.

- **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. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

THI has a debt to equity structure that is less levered – this is demonstrated by the 2017 debt to equity ratio of 0.05.

Capital investments during 2017 and future years will see this ratio climb towards industry norms.

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

THI’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.98%. 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**

THI’s return achieved in 2017 is reported as within the +/-3% range allowed by the OEB.

Note to Readers of 2017 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.