

**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



March 11, 2016

Mr. David Calder
President
Tillsonburg Hydro Inc.
200 Broadway, 2nd Floor, Suite 204
Tillsonburg, ON N4G 5A7

Dear Mr. Calder:

Re: Follow-up Audit of Tillsonburg Hydro Inc.'s Electricity Reporting and Record Keeping Requirements (RRR) Processes and Systems

On January 8, 2014, the Ontario Energy Board (OEB) Audit and Performance Assessment (Audit) informed Tillsonburg Hydro Inc. (THI) that it was conducting an audit of THI's RRR filing processes and systems. The audit was completed and an audit report was issued by Audit to THI on April 16, 2014, setting out a list of action plans to be implemented by THI to address the audit findings and observations.

Audit conducted a follow-up audit in 2014 and issued a closing letter on March 27, 2015. As part of the first follow-up audit, THI acknowledged the concerns expressed by Audit about the accuracy of the RRR information reported to the OEB in its 2013 scorecard. Specifically, THI disclosed in its 2013 scorecard management discussion and analysis that the following scorecard measure results reported in the previous years could not be quantified and supported through documentation:

- New Residential/Small Business Services Connected on Time
- Scheduled Appointments Met on Time
- Telephone Calls Answered on Time

THI stated that it was instituting proper tracking and reporting processes beginning the 3rd quarter of 2014 to ensure the quality and accuracy of the RRR information reported to the OEB.

Upon conclusion of the first follow-up audit, THI informed Audit in its letter dated March 12, 2015 that it enhanced its phone system to enable the distributor to process the calls received from its customers. In addition, as part of the first follow-up audit, Audit confirmed that THI re-filed its service reliability measures for 2010 to 2013. Audit also

noted that THI published the audit report on the THI's website in February 2015 for transparency and accessibility to the THI's customers.

Audit conducted a second follow-up audit to ensure that all prior outstanding audit findings were properly and consistently addressed. On November 2, 2015, Audit acknowledged that a number of actions that THI undertook to address the outstanding issues. However, Audit stated that THI was expected to provide adequate documentation prior to December 11, 2015 in support of its action plans before Audit issues a final closing letter for the second follow-up audit.

THI provided a number of required documentations in 2016. Audit has now completed its second follow-up audit and concludes that nothing has come to its attention that causes Audit to believe that THI has not, in all material respects, followed the requirements with respect to certain RRR filing processes and systems that were within the scope of this audit.

Audit expects THI to apply improvements (lessons learned) identified as result of findings from the original audit and the follow-up audits concerning all THI's RRR processes, systems, and operations and the codes to fully meet the requirements prescribed in the THI's licence conditions. Requirements of the OEB Act (Act), codes, and other regulatory instruments are enforceable provisions and a regulated entity's failure to comply with the requirements is a breach subject to compliance action under Part VII.1 of the Act.

Furthermore, THI is encouraged to strengthen its governance structure and implement best practices in corporate governance to further protect consumers and enhance consumer confidence in THI.

The results of the second follow-up audit will be reported to the OEB and may also be used as evidence in future proceedings involving THI.

We thank the staff of THI for the assistance and support provided to Audit during the original audit as well as the follow-up audits.

Yours truly,



Daria Babaie, *P. Eng., CPA, CMA*
Manager, Audit & Performance Assessment
Phone: (416) 440-7614
Fax: (416) 440-7656
Email address: Daria.Babaie@ontarioenergyboard.ca

c.c. John Gilvesy, Chairman –Tillsonburg Hydro Inc.