

Scorecard - Tillsonburg Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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	94.60%	97.60%	99.47%	97.96%	99.56%	↑	90.00%	
		Scheduled Appointments Met On Time	100.00%	98.30%	100.00%	100.00%	98.44%	↓	90.00%	
		Telephone Calls Answered On Time	68.40%	64.00%	84.57%	88.18%	84.59%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution	95.04%	96.87%	99.3%	98.62%	97.7%			
		Billing Accuracy	99.94%	98.91%	99.36%	99.73%	99.83%	↑	98.00%	
		Customer Satisfaction Survey Results	Satisfied	satisfied	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%	81.60%	83.70%			
		Level of Compliance with Ontario Regulation 22/04 ¹	NI	NC	NI	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	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	0.75	1.42	1.14	1.83	0.96	↓		1.25
		Average Number of Times that Power to a Customer is Interrupted ²	1.07	0.77	1.10	2.28	0.56	↑		0.96
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In progress	in progress	in progress	in-progress			
	Cost Control	Efficiency Assessment	3	3	3	3	3			
		Total Cost per Customer ³	\$648	\$672	\$654	\$718	\$748			
		Total Cost per Km of Line ³	\$34,135	\$35,562	\$35,137	\$37,620	\$40,406			
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%	73.00%	106.00%			11.31 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time				100.00%	33.33%			
		New Micro-embedded Generation Facilities Connected On Time					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)	1.78	2.03	2.04	1.64	2.82			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.04	0.02	0.05	0.07	0.31			
		Profitability: Regulatory Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
		Return on Equity Achieved	11.02%	5.75%	9.73%	5.10%	4.74%			

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 now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 ↑ up ↓ down → flat

Current year
 ● target met ● target not met

During 2019, Tillsonburg Hydro Inc. (THI) met all industry targets reported on the Scorecard including improvements over 2018 results in the System Reliability metrics. THI continues year-over-year improvements, when considering the Scorecard in entirety.

Service Quality

Tillsonburg Hydro Inc. (THI) strives to provide customer service that exceeds the Ontario Energy Board (OEB) Industry Targets. During 2019 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 227 of 228 new services (99.56%) within the 5 business day standard during fiscal 2019; this exceeds the OEB target of 90%.

- **Scheduled Appointments Met On Time**

During fiscal 2019, THI attended 126 of 128 scheduled appointments (98.44%) as scheduled. THI consistently exceeds the OEB target of 90%.

- **Telephone Calls Answered On Time**

THI received a total of 4,419 incoming calls, which met OEB reporting guidelines, during 2019. Of these calls, 3,738 were answered within the 30 second metric used by the OEB resulting in an 84.59% metric. Please note, as a result of a telephone system change in Q4 2019, THI was only able to report on January to September phone calls, however, THI is confident that the same level of service was provided in the October to December 2019 timeframe.

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 been consistent during 2014, 2015, 2016, 2017& 2018.

- **First Contact Resolution**

THI resolved customer issues 97.70% during the first contact with THI staff during 2019. THI will continue to value customer's time by empowering our staff to resolve customer issues during the first contact.

- **Billing Accuracy**

During 2019, THI produced 89,195 bills and achieved 99.83% accuracy metric. This metric exceeds the 98% industry target set by the OEB and is consistent with historical results.

- **Customer Satisfaction Survey Results**

During 2019, THI conducted an independent Customer Satisfaction Survey to assist in obtaining information relating to Customer Satisfaction. THI's results were consistent with previous Satisfaction Surveys (last performed in 2017) where Customers were "Satisfied" with THI business results.

- **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, during 2018 and will be updated in 2020, to survey residents within the THI service territory on the level of public awareness on electrical safety. THI achieved a result of 83.7%. 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 2019, THI has achieved a "C" rating (Compliant).

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

For the years 2013 through 2019 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 2019, THI reported a decrease in the Average number of Hours that Power to a customer is interrupted (SAIDI) compared to 2018. 2019 results presorted a metric of 0.96 which is below the distributor target of 1.25 (2015 to 2019 average).

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

During 2019, THI reported a decrease in the Average Number of Times that Power to a customer is interrupted (SAIFI i.e. Frequency) compared to 2018 results. 2019 results (0.56) are below the distributor target of 0.96 (2015 to 2019 average).

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 2021.

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 2019, 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 2019 was \$748 which is an increase compared to historical values, but retains THI within the 3 – Tranche of IRM stretch factors (the average grouping).

- **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 2019 is \$40,406 based on 132km of line. This is a slight increase compared 2018 values.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

THI's Net Cumulative Energy Savings for 2019, as a percentage of our 2015-2020 allocated target of 11,310 MWh, were reported 106% 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**

THI has requests for 3 CIA during 2019 or which 2 were processed outside of the prescribed time frames. This is an atypical result for 2019 and future years' activity will be in line with 2018 results (100% metric).

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

THI did not connect any new micro-embedded generation facility during 2019.

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 increased from 1.64 in 2018 to 2.82 during 2019.

- **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 2019 debt to equity ratio of 0.31.

Capital investments during 2020 and future years will see this ratio continue to 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 had an atypical year with increased costs (as identified below) in staffing and external Operations Expense (Transformer Maintenance and Line Clearing). These items were above the amounts contained within the 2013 CoS application. It is important to note that these higher levels of costs were known by the THI Board and were deemed necessary for operational and regulatory reasons and that these increased expenses are temporary in nature. Specifically during 2019 the addition of staff members in the management and workforce levels were identified for succession planning purposes. 2020 will see these temporary increased staffing positions removed from the expense base and will return THI to within the 3% ROE target band.

THI has achieved the following ROE values as reported through the RRR process: 2015 - 11.02%, 2016 - 5.75%, 2017 - 9.73%, 2018 - 5.10%, 2019 – 4.74%. If these are averaged over the 5 year period an average ROE % of 7.3% is achieved. This multi-year average falls within the 3% ROE target band.

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.