

Scorecard - Newmarket-Tay Power Distribution Ltd.

10/21/2020

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	100.00%	100.00%	99.77%	100.00%	100.00%		90.00%	
		Scheduled Appointments Met On Time	98.00%	99.80%	99.91%	99.99%	99.90%		90.00%	
		Telephone Calls Answered On Time	84.00%	81.80%	76.64%	70.86%	68.58%		65.00%	
	Customer Satisfaction	First Contact Resolution	92%	90%	90%	93.7%	97.7%			
		Billing Accuracy	99.98%	99.99%	99.95%	99.95%	79.61%		98.00%	
		Customer Satisfaction Survey Results	94%	91%	91	A	96			
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	82.00%	82.00%	81.00%	82.00%	83.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	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	0.58	0.42	0.42	0.66	0.78			0.83
		Average Number of Times that Power to a Customer is Interrupted ²	0.67	0.57	0.54	0.78	0.70			0.55
	Asset Management	Distribution System Plan Implementation Progress	99%	100%	120	103	64			
	Cost Control	Efficiency Assessment	2	2	2	2	3			
		Total Cost per Customer ³	\$596	\$613	\$630	\$657	\$678			
Total Cost per Km of Line ³		\$25,590	\$26,481	\$27,509	\$28,067	\$28,984				
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	22.68%	38.69%	64.35%	87.00%	88.00%			36.24 GWh
	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 Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.70	2.74	2.35	1.41	1.37			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.74	0.67	0.66	1.23	1.19			
		Profitability: Regulatory Deemed (included in rates)	9.66%	9.66%	9.66%	9.66%	9.66%			
		Return on Equity Achieved	8.51%	8.01%	2.41%	11.19%	6.94%			

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

Scorecard - Newmarket-Tay Power Distribution Ltd.

8/31/2020

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									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	100.00%	100.00%	99.77%	100.00%	100.00%	↔	90.00%		
		Scheduled Appointments Met On Time	98.00%	99.80%	99.91%	99.99%	99.90%	↑	90.00%		
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		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	↔		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
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Legend: 5-year trend
 ↑ up ↓ down ↔ flat
 Current year
 ● target met ● target not met

2019 Scorecard Management Discussion and Analysis (“2019 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2018 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

Scorecard MD&A - General Overview

On August 23, 2018, the OEB issued the Decision and Order (EB-2017-0269) granting the amalgamation of Newmarket-Tay Power Distribution Ltd. (“NT Power”) and Midland Power Utility Corporation (“MPUC”) to continue as NT Power with a rebasing deferral period of 10 years. Prior to the amalgamation, MPUC and NT Power each filed their respective Reporting and Record Keeping Requirements (“RRR”) data and utility scorecards separately. In the 2018 reporting year, NT Power filed began filing RRR data as an amalgamated entity. The historical data related to years 2014 to 2017 is data for NT Power without the Midland rate zone.

NT Power continues to succeed in Service Quality, Operational Effectiveness, Public Policy Responsiveness, as well as Financial Performance. In 2020, NT Power expects to continuously meet or exceed industry targets within the scorecard performance outcomes and navigate the impacts related to the COVID-19 pandemic. In March 2020, NT Power welcomed a new President/ CEO following the retirement of the former President after over 30 years of leadership with the organization.

The organization is focused on amalgamating the two rate zones processes, systems and workflows to better serve customers and drive efficiencies. NT Power’s efforts continue to focus on safely and reliably meeting the electricity needs of our customers.

Service Quality

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

All new service customers were connected within the five-day timeframe requirement. This is NT Power's 9th consecutive year achieving over 99%; exceeding the OEB standard of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

NT Power met 99.90% of scheduled appointments in 2019 exceeding OEB industry standard metric of 90% for Scheduled Appointments Met on Time for 5 years consecutively.

- **Telephone Calls Answered On Time**

NT Power continues to exceed the OEB industry standard for answering telephone calls on time. In 2019, longer que times were experienced during May, June, October and November. The increase in customer inquiries were related to the rate changes, disconnection moratorium (coming to an end April 30th and beginning November 15th) and Ontario Energy Rebate implementation of 31.8%.

Customer Satisfaction

- **First Contact Resolution**

NT Power strives to ensure customers' needs are promptly addressed and resolved within the first contact.

In 2019, NT Power demonstrated a first contact resolution of 97.7% representing a 4% improvement from 2018. System improvements were implemented to enhance tracking of calls to better customer experience and reporting capabilities.

- **Billing Accuracy**

The decline in billing accuracy was attributed primarily to a billing error in January to March within the wholesale market service rate. Additional audit measures have been implemented to mitigate errors in applying future rate changes.

- **Customer Satisfaction Survey Results**

NT Power engaged a third party to conduct the Customer Satisfaction Survey and gather feedback. The annual results enable management to make informed decisions and enhancements to improve customer satisfaction and better inform management's decision making. NT Power attained a 96 rating in 2019.

The survey provides customers an opportunity to respond to a range of topics including: overall satisfaction with NT Power, reliability, customer service, outages and billing. The customer feedback collected is incorporated into the strategic planning process and forms the basis of plans to improve customer satisfaction and meet the changing needs of customers.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety**

A survey is conducted to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

A third-party agent is engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents of the general public located in Newmarket and Tay service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power scored 83% on the OEB’s Public Safety Awareness Index Score with results indicating that a majority of the public have a good awareness of key public electrical safety issues.

NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

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

In 2019, NT Power achieved full compliance with Ontario Regulation 22/04 (“O.Reg.22/04”). Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. An audit is performed to determine the status of compliance (Non-Compliant (N/C), Needs Improvement (N/I), or Compliant (C)).

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

No public serious electricity incidents occurred during the year.

System Reliability

NT Power continues to achieve an exceptionally high level of service availability and mitigate the average frequency and average number of hours that power is interrupted to a customer.

Note: MPUC was amalgamated with NT Power in September 2018. The distributor target was established in 2019 for the reliability metrics.

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

In 2019, the average number of hours that an NT Power customer was interrupted was 0.78, a result that remains below the distributor target of 0.83 and is significantly better than the industry average.

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

In 2019, the average number of times power to NT Power customers was interrupted was 0.70, an improvement from the 0.78 in 2018. NT Power exceeded the distributor target of 0.55, but continues to remain well below the industry average for this measure.

Almost a third of the interruptions were related to scheduled outages, which are necessary to complete infrastructure improvements and to maintain a reliable system. NT Power also continues to monitor outage trends, especially those related to equipment failure and wildlife foreign interference as they accounted for approximately half of the outages experienced by customers in 2019.

Asset Management

- **Distribution System Plan Implementation Progress**

The metric that NT Power had chosen to most effectively reflect their performance in Distribution System Plan (“DSP”) Implementation Progress, is the ratio of actual total capital expenditures made in a calendar year, over the total amount of DSP planned capital expenditures for that calendar year. While there was no DSP for the former MPUC, the MPUC planned capital expenditures were added to the DSP planned capital expenditures to derive the 64% of NT Power DSP completed for 2019. The under performance in 2019 can be attributed to delays encountered with the delivery of new vehicles and transformers, as well as with 3rd party infrastructure developments. Overall, NT Power has implemented 97% of its DSP capital expenditure based on the 5-year average over the period from 2015-2019.

Cost Control

- **Efficiency Assessment**

The total costs for local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

NT Power has been assigned stretch factor three (0.30%) as a result of a 4% decline in cost performance. It should be noted that our current average cost is within 0.5% of the category two cohort (0.15%). NT Power has had the opportunity to complete an internal review of resources and we will require additional support in the areas of human resources, IT, engineering and operations. Management expects the efficiency ranking to remain in cohort three for the near future.

NT Power has operated within cohort two since PEG's inception limiting the operational success of the organization. This is believed to be unsustainable for the future success of the organization. In 2019, stretch factor three represents 49% of all local distribution companies. The 2019 financials reflect a complete fiscal year with Midland rate zone representing an overall increase of 9% in OM&A of \$1.1M.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of the company's capital and operating costs divided by the total number of customers that NT Power serves. In 2019, the cost performance result is \$678 per customer.

NT Power will continue to replace distribution assets proactively along a carefully managed timeframe and in a manner that balances system risks and customer rate impacts as demonstrated in the DSP. NT Power strives to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on NT Power's spending plans.

- **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 circuit-kilometers of powerlines that NT Power operates to serve its customers. NT Power's 2019 rate is \$28,984 per km of line resulting in a 3% increase due to the continuing line intensification of the Newmarket service area.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

The conservation programs are designed to be delivered by utilities to their customers to reduce the Provincial energy usage by 7 TWh by 2020. NT Power was allocated 47.06 GWh of this target, which is to be achieved between the 2015-2020 target period.

The Ministry of Energy, Northern Development and Mines' decision on March 20, 2019 determined the Conservation First Framework be concluded. NT Power with the support of customers successfully achieved 88% of the energy usage reduction target. These combined savings were 60% from the business sector and 40% from the residential sector. This achievement is attributable to NT Power's active engagement in the community to promote the conservation programs and provide high quality customer service. NT Power is an Ecobility member (formerly known as Customer First)— a collaborative that shares best practices and fosters synergies to create cost-effective and customer-focused delivery of conservation programs for partnered LDC's.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments ("CIA's") within timelines in accordance with Ontario Regulation 326/09. In 2019, NT Power had no CIA's related to renewable generation to complete.

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

In 2019, NT Power had no new micro-embedded generation facilities connected.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

The current ratio is an indicator of financial health with a ratio greater than one indicating that the company is in a good position to pay its short-term debts and financial obligations. The higher the value, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

NT Power’s 2019 current ratio is 1.37 indicating a strong liquidity position.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

Debt-to-Equity Ratio is an indicator of a company's financial leverage. 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 high debt to equity ratio may indicate that a company may have difficulty generating sufficient cash flows to make its debt payments.

NT Power’s 2019 total debt to equity ratio is 1.23 and is lower than the OEB’s deemed ratio of 1.5. This enables NT Power to manage financing requirements for infrastructure investment due to growth and development of the distribution system.

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

Regulatory rate of return on equity calculation is based on the revenue and cost structure approved in the Cost of Service application within an allowable range of +/- 3%. If a distributor is outside that +/- 3% range, it could trigger a regulatory review of the distributor’s revenues and costs structure. NT Power’s current OEB approved expected (deemed) regulatory return on equity is 9.66%.

- **Profitability: Regulatory Return on Equity – Achieved**

NT Power’s regulatory return on equity for 2019 was 6.94% which is within the OEB’s +/- 3% range of deemed return on equity of 9.66%.

Note to Readers of 2019 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.