

Scorecard - Grimsby Power Incorporated

9/24/2014

| Performance Outcomes | Performance Categories | Measures | 2009 | 2010 | 2011 | 2012 | 2013 | 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% | 100.00% | 100.00% | 100.00% | → | 90.00% | | |
| | | Scheduled Appointments Met On Time | 99.40% | 100.00% | 100.00% | 100.00% | 100.00% | ↑ | 90.00% | | |
| | | Telephone Calls Answered On Time | 71.00% | 72.40% | 77.80% | 85.50% | 87.00% | ↑ | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | | | | | | | | | |
| | | Billing Accuracy | | | | | | | | | |
| | | Customer Satisfaction Survey Results | | | | | | | | | |
| Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives. | Safety | Public Safety [measure to be determined] | | | | | | | | | |
| | System Reliability | Average Number of Hours that Power to a Customer is Interrupted | 0.38 | 3.00 | 2.09 | 1.23 | 2.38 | ↑ | | at least within 0.38 - 3.00 | |
| | | Average Number of Times that Power to a Customer is Interrupted | 0.27 | 1.06 | 1.24 | 1.73 | 1.70 | ↑ | | at least within 0.27 - 1.73 | |
| | Asset Management | Distribution System Plan Implementation Progress | | | | | | | | | |
| | Cost Control | Efficiency Assessment | | | | 2 | 2 | | | | |
| | | Total Cost per Customer ¹ | \$453 | \$483 | \$517 | \$568 | \$538 | | | | |
| | | Total Cost per Km of Line ¹ | \$26,343 | \$20,349 | \$22,193 | \$25,010 | \$23,739 | | | | |
| 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 Annual Peak Demand Savings (Percent of target achieved) ² | | | 20.00% | 29.00% | 28.80% | | | 2.06MW | |
| | | Net Cumulative Energy Savings (Percent of target achieved) | | | 72.00% | 92.00% | 123.10% | | | 7.76GWh | |
| | Connection of Renewable Generation | Renewable Generation Connection Impact Assessments Completed On Time | | | 100.00% | | | | | | |
| | | 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) | 1.62 | 1.73 | 1.28 | 1.30 | 1.32 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 0.98 | 1.20 | 1.18 | 1.25 | 1.07 | | | | |
| | | Profitability: Regulatory Return on Equity | | Deemed (included in rates) | 9.00% | 9.00% | 9.42% | 9.42% | | | |
| | | | Achieved | 6.16% | 2.35% | 12.04% | 7.20% | | | | |

Legend:

-  up
-  down
-  flat
-  target met
-  target not met

Notes:

1. These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.

2. The Conservation & Demand Management net annual peak demand savings do not include any persisting peak demand savings from the previous years.

Management Discussion and Analysis for Year 2013

Service Quality

Grimsby Power makes it a priority to provide superior customer service, and to date, maintains a good record in connecting residential and small business services and in meeting scheduled appointments on time. Telephone customer service is likewise very important and Grimsby Power has steadily improved in their interpersonal relations with customers and in their telephone technology.

In August 2014, the Ontario Energy Board released the 2013 Yearbook data for all electricity distributors in the Province. Grimsby Power was one of just over thirty utilities to report 100% in 'New Residential / Small Business Services Connected on Time', and for 'Scheduled Appointments Met on Time'.

The Yearbook indicates that Grimsby Power ranked 33rd (out of 73) in answering telephone calls on time, where 'on time' is within 30 seconds of the first ring. The score of 87% meets and slightly exceeds the industry average. Grimsby Power has invested significantly in telephone technology and has shown an improving trend in 'Telephone Calls Answered on Time', up from 71% in 2009.

The following table shows industry minimum, maximum and average values for the Service Quality scorecard measures for 2013:

Table 1: Service Quality Measure Performance for Ontario Electricity Distributors – 2013

New Residential/Small Business Services Connected On Time

- Minimum 79.20%
- Maximum 100.00%
- Average 97.90%

Scheduled Appointments Met On Time

- Minimum 83.00%
- Maximum 100.00%
- Average 98.80%

Telephone Calls Answered On Time

- Minimum 61.40%
- Maximum 100.00%
- Average 86.20%

** data excludes one utility who did not report on these measures

Customer Satisfaction

These customer satisfaction measures are currently being implemented at Grimsby Power and will be available in future reporting periods.

Safety

This is a new measure to be reported by utilities in the Province under the RRFE program; however, no measurement standard has been defined by the OEB.

Grimsby Power is fully engaged in public safety. Grimsby Power sponsored the Electricity Safety and Conservation Association in 2012 and 2013 to make presentations in local Grimsby public schools, highlighting the importance of electrical safety & conservation. Grimsby Power is audited annually as part of Regulation 22/04 – Electrical Distribution Safety and our audit results indicate a full level of compliance.

System Reliability

Grimsby Power is prepared to quickly respond and resolve power interruption issues.

There is a broad range in values reported among utilities for both scorecard measures of System Reliability. While some utilities reported fewer than one hour of power loss per customer ("SAIDI") in 2013, others reported over 26 hours per customer. While some utilities reported less than one power outage per customer ("SAIFI"), others reported over five power outages per customer. Grimsby Power reported 2.38 hours of

interruption and 1.70 outages per customer, in 2013. This placed Grimsby in a middle ranking (43rd for SAIDI and 49th for SAIFI) among the 73 utilities. These reliability indices are not normalized with respect to significant weather events and are therefore, highly variable from year to year.

Table 2: System Reliability Performance for Ontario Electricity Distributors - 2013

SAIDI - "System Average Interruption Duration Index"

- Minimum 0.02
- Maximum 26.57
- Average 3.38

SAIFI - "System Average Interruption Frequency Index"

- Minimum 0.02
- Maximum 5.24
- Average 1.49

** data excludes one utility who did not report on these measures

Asset Management

The 'Distribution System Plan Implementation Progress' measure is a new measure under the RRFE program; however, no measurement standard has been defined by the OEB. Grimsby Power has a well developed Distribution Asset Management Plan and is currently creating a Distribution System Plan as per OEB requirements.

Cost Control

Keeping costs under control is a responsibility taken seriously at Grimsby Power. While prudent investment in reliable equipment and employee training is necessary, the level of spending is measured and controlled so that customer rates are minimally affected.

Grimsby Power controlled costs within a narrow range for the previous five years. Total costs per customer ranged between \$453 and \$568. There was a slow increasing trend as new initiatives such as smart meter installations were put into place between 2010 - 2012 in compliance with Ontario Energy Board directives. Grimsby Power revised its expenditures for inclusion in its Cost of Service rate application for January 1, 2012 rates. As stated in the application previous expenditures were not sustainable. These expenditures were fully vetted during the rate application process and approved by the Board. The increased cost per customer in 2012 reflects the Board approved expenditures.

The total costs per kilometre of line matched the trend of costs per customer for Grimsby Power since neither the customer numbers nor the kilometres of line changed significantly. The scorecard value shown in 2009 is incorrect, and should be \$18,879, not \$26,343. While reported figures were revised, the scorecard does not include this revision.

Conservation & Demand Management

In 2011, Grimsby Power contracted Burman Energy to manage energy conservation and demand management activity in the Grimsby service area. They were active in the community and assisted residential and business customers to earn the incentives available to them. Grimsby Power was well represented with an attractive booth at many town events and festivals. Coupon savings and small business lighting and equipment refunds were and are available to those seeking to save energy using improved technology.

For the 2011 – 2014 period, the Ontario Energy Board established targets for energy conservation for each utility in the Province. Grimsby Power exceeded their target in energy savings by 23% by the end of 2013. Grimsby Power performed competitively on the demand management target, ranking 14th highest among the utilities at the end of 2013.

CDM targets established by the Board for Grimsby Power were 7.76 GWh of cumulative energy savings for the period 2011 – 2014, and 2.06 MW of demand savings.

For the two Conservation and Demand Management measures on the scorecard, the following table summarizes the values that should be shown, (taken from verified results from the Ontario Power Authority):

Table 3: Percent of CDM Targets Achieved Each Year (2011 - 2013) for Grimsby Power Inc.

Net Annual Peak Demand Savings (Percent of Target Achieved):

- 2011: 10.80%
- 2012: 21.70%
- 2013: 32.50%

Net Cumulative Energy Savings (Percent of Target Achieved):

- 2011: 53.60%
- 2012: 91.60%
- 2013: 123.10%

For more information, customers are reminded to visit www.saveONenergy.ca.

Connection of Renewable Generation

Ontario runs two renewable generation programs. FIT (“Feed-in Tariff”) applicants are those customers setting up solar or other renewable generation equipment to generate more than 10 kW of electricity at a time. MicroFIT applicants are those customers applying to generate electricity at a level less than or equal to 10 kW of electricity at a time.

In Grimsby, all customers approved for microFIT and FIT connections were connected within 60 days. At year-end 2013, there was 1 FIT and 17 microFIT customers generating power onto Grimsby Power’s electricity distribution system.

The scorecard indicates that Grimsby Power achieved 100% of ‘Renewable Generation Connection Impact Assessments (“CIA”) Completed On Time’ in 2011, and shows blank in other years. To be clear, there was only one CIA to complete in 2011 and it was completed on time, and in other years there were no CIA’s to complete.

For ‘New Micro-embedded Generation Facilities Connected On Time’, the scorecard has left the years before 2013 blank. This is inaccurate. The values should be 100% for every year from 2010 inclusive to 2013. The following table summarizes FIT and microFIT connections in each year since 2010, all connected on time:

Table 4: FIT and microFIT Connections to Grid 2010 - 2013 for Grimsby Power Inc.

FIT - Number of Sites Connected to Grid:

- 2010: 0
- 2011: 1 – Capacity: 100 kW – Note: CIA was completed in 2011; connection was completed in 2012
- 2012: 0
- 2013: 0

Total cumulative FIT Capacity year-end 2013: 100 kW (1 site)

MicroFIT - Number of Sites Connected to the Grid

- 2010: 4 Capacity: 29.34 kW
- 2011: 7 Capacity: 70.00 kW
- 2012: 2 Capacity: 19.25 kW
- 2013: 4 Capacity: 34.30 kW

Total cumulative number of microFIT sites connected year-end 2013: 17

Total cumulative microFIT Capacity year-end 2013: 152.89 kW

Financial Ratios

Grimsby Power has maintained a healthy financial condition featuring a strong Current Ratio between 1.3 and 1.7. The Debt-Equity ratio for Grimsby Power has remained close to 1:1, which indicates that there is not an over-reliance on debt financing.

Among utilities in Ontario, the range of values for Current Ratio was between 0.34 and 3.38 for 2013. Grimsby Power at 1.32 held a middle ranking (42nd) within the 73 utilities. A ratio above one is considered healthy, since it infers that current debts could be completely eliminated using only current assets.

The range reported by utilities for the Debt:Equity ratio was between 0.00 and 3.31 in 2013. A lower value is healthy since this infers a reliance on equity rather than debt for financing. Grimsby Power reported a value of

1.07 and held a middle ranking (48th) among utilities for this measure in 2013.

The following table depicts the range of values for Ontario Electricity Distributors in 2013 for the Current Ratio and for Leverage:

Table 5: Ontario Electricity Distributors Minimum, Maximum and Average Values for Current Ratio and Leverage - 2013

Current Ratio

- Minimum: 0.34
- Maximum: 3.38
- Average: 1.48

Leverage: Debt:Equity Ratio

- Minimum: 0.00
- Maximum: 3.31
- Average: 0.94

Since rebasing in 2012, Grimsby Power has achieved a return on equity within the levels approved by the Ontario Energy Board. In 2012, the return on equity was artificially high (12%) because of the change from CGAAP to modified IFRS accounting practices, which occurred effective January 1, 2012. Since then, it returned to lower levels (7.2%). The deemed rate established in the 2012 rate application to the Ontario Energy Board (EB-2011-0273) was 9.42%. The Board uses a deadband of plus or minus 3% before a financial review may be initiated.