

Scorecard - Tillsonburg Hydro Inc.

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%	94.00%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%			90.00%	
		Telephone Calls Answered On Time		97.90%	84.50%	84.50%			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		1.17	2.12	1.46	2.08			at least within 0.00 - 2.12
		Average Number of Times that Power to a Customer is Interrupted		0.46	0.66	1.04	2.58			at least within 0.00 - 1.04
	Asset Management	Distribution System Plan Implementation Progress								
	Cost Control	Efficiency Assessment				4	4			
		Total Cost per Customer ¹		\$612	\$658	\$656	\$667	\$736		
	Total Cost per Km of Line ¹		\$26,152	\$28,239	\$28,189	\$28,812	\$32,796			
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			65.00%	86.00%	74.50%			2.29MW
		Net Cumulative Energy Savings (Percent of target achieved)			19.00%	50.00%	57.00%			10.25GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time			100.00%		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)	2.15	2.24	2.61	2.59	2.22			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.14	0.12	0.10	0.08			
		Profitability: Regulatory Return on Equity				8.01%	8.01%	8.98%		
		Deemed (included in rates) Achieved				-1.32%	-2.65%	6.50%		

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

New Residential/Small Business Services Connected on Time: The accuracy of the information reported for this measure in the previous years cannot be quantified and supported through documentation. Tillsonburg Hydro Inc (THI) went through an OEB RRR Audit in 2014 and based on the OEB RRR Audit Findings and THI's participation in the audit process, it became evident that proper internal processes were not in place to adequately measure and track the metric of New Residential/Small Business Services Connected on Time nor was this measure properly documented. In response to the OEB Audit Findings, THI is instituting proper measuring, tracking and reporting processes beginning the 3rd quarter of 2014 to ensure supporting data has quality and accuracy and is available in order to accurately document and support future reporting of New Residential/Small Business Services Connected on Time.

Scheduled Appointments Met on Time: The accuracy of the information reported in the previous years cannot be quantified and supported through documentation. Tillsonburg Hydro Inc (THI) went through an OEB RRR Audit in 2014 and based on the OEB Audit Findings and THI's participation in the audit process, it became evident that proper internal processes were not in place to adequately measure and track the metric of Scheduled Appointments Met on Time nor was the measure properly documented. In response to the OEB Audit Findings, THI is instituting proper tracking and reporting processes beginning the 3rd quarter of 2014 to ensure supporting data has quality and accuracy and is available in order to accurately document and support future reporting of Scheduled Appointments Met on Time.

Telephone Calls Answered on Time : The accuracy of the information reported in previous years may not necessarily be accurate as the data collection included calls received by the Town of Tillsonburg and Tillsonburg Hydro Inc. All calls previously came in on one general line to the town's customer services representatives. It became apparent through the OEB RRR Audit Findings that the separation, measurement and tracking of calls between the municipality and the utility was not taking place. In response to the OEB RRR Audit Findings a new telephone system has been installed in 2014 which will improve the accuracy of the data for this measure as incoming calls are now identified between Town of Tillsonburg calls and Tillsonburg Hydro Inc calls . Calls are now measured and tracked for calls answered on time, abandoned calls and duration of call. The phone system was implemented in the 3rd quarter of 2014.

THI has undertaken a number of initiatives since the start of the OEB Audit. As a result of the audit, THI will continue to improve its systems and process to improve services to its customer base.

Customer Satisfaction

First Contact Resolution: Tillsonburg Hydro Inc. is a small customer-focused organization that endeavours to provide outstanding service to its community. THI currently uses CIS to track customer complaints received through Customer Service Reps. Tillsonburg Hydro practice is to contact customer within 24 hours of receiving a complaint and to resolve customer complaints within 5 business days. THI will implement the measure for 2014 Scorecard.

Billing Accuracy: THI is currently working with its CIS software vendor in order to report on billing errors. THI plans to have reportable data commencing October 1, 2014.

Customer Satisfaction Survey Results: THI is reviewing options to outsource or conduct in-house surveys using Survey Monkey in order to report on this measure.

Safety

Public Safety: THI understands that the OEB is consulting with the Electrical Safety Authority and will consult with stakeholders to identify a measure that is readily available for use on the Scorecard. As such, THI has no included specific data for this metric and is awaiting direction from the OEB.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted: For the years 2010 through 2013, the numbers shown are 1.17, 2.12, 1.46 and 2.08. Based on these numbers, each customer in Tillsonburg Hydro Inc.'s territory would expect approximately 2.08 hours of outage time for the year 2013. Note: This outage time excludes outage time that is a result of a loss of supply from the power grid (for instance, the outage is directly attributable to events occurring on THI's distribution system). Tillsonburg Hydro Inc currently has a manual process of tracking interruptions or outages to its customers. THI will be maintaining the same tracking system for 2014 and feels at this point that it will remain within the appropriate range(historical 5 year average - 2009 numbers were not available and thus not incorporated into the Scorecard, the historical range is for the years 2010 to 2012 which is 1.17 to 2.12). THI was inside this range for 2013 (2.08). Going forward, for 2015, THI is looking at outside resources and options to create a tracking system that will leverage new technology and improve reporting capabilities to the OEB.

Average Number of Times that Power to a Customer is Interrupted: For the years 2010 through 2013, the numbers shown are 0.46, 0.66, 1.04, and 2.58. Based on these numbers, each customer in Tillsonburg Hydro Inc.'s territory would expect power outages to occur 2.58 times during 2013. Note: This frequency excludes outages that are a result of a loss of supply from the power grid (for instance, the outage is directly attributable to events occurring on THI's distribution system). Tillsonburg Hydro Inc currently has a manual process of tracking interruptions or outages to its customers. THI will be maintaining the same tracking system for 2014 and feels at this point that it will remain within the appropriate range(historical 5 year average - 2009 numbers were not available and thus not incorporated into the Scorecard, the historical range is for the years 2010 to 2012 which is 0.46 to 1.04). THI was outside of this range for 2013 (2.58). After a review of the 2013 data, THI attributes the increase in the frequency to a higher than normal number of animal contacts. Going forward, for

2015, THI is looking at outside resources and options to create a tracking system that will leverage new technology and improve reporting capabilities to the OEB.

Asset Management

Distribution System Plan Implementation Process: Tillsonburg Hydro Inc. currently has an Asset Management Plan. THI feels its current plan does not necessarily meet all of the requirements of a comprehensive Distribution System Plan and THI does not currently have the expertise in house to address its progress on its distribution system plan implementation. Tillsonburg Hydro Inc. will seek out a qualified consultant to assist with the implementation of its distribution system plan.

Cost Control

Efficiency Assessment: THI ranks in Group 4 of LDC's (Actual costs are 10% to 25% above the predicted costs) based on the PEG Report to the Ontario Energy Board "Empirical Research in Support of Incentive Rate-Setting: 3013 Benchmarking Update"). THI also ranked in Group 4 based on 2012 data. LDC's are grouped into 1 of 5 Groups, with Group 1 being considered the most efficient(based on PEG's research). It should be noted that 2013 was a cost of service year for THI. THI also brought Smart Meter Operating Costs into expenses in 2013(one-time costs based actually on costs from 2009 to 2012). Between the rate application cost and the smart meter operating costs, there were approximately \$525K of expenditures 2013 that should be considered non-normal.

Total Cost per Customer: THI's total cost per customer in 2013 was \$736 when the average of all LDC's was \$633. The 2009 through 2012 figures were \$612, \$658, \$656 and \$667 respectively. The spike in the 2013 figure up to \$736 was explained based on the non-normal costs in 2013 (smart meter operating costs and rate application costs).

Total Cost per Km of Line: THI's 2013 total cost per Km of line is \$32,796, based on 154 Km of line. The 2009 through 2012 figures were \$26,152, \$28,239, \$28,239, \$28,189, \$28,812. The 2012 figure was based on 157 Km of Line. The change in the Km of line figures from 2012 to 2013 was based on reduction of 4kV systems as part of its conversion project. Going forward, THI will complete a fully integrated GIS (Geographical Information System) which will permit more accurate reporting of total number of Km of Line to the OEB, on an annual basis.

Conservation & Demand Management

TILLSONBURG HYDRO INC. 2013 CDM

% of Targets Achieved (Per OPA Draft Verified)

NET ANNUAL PEAK DEMAND SAVINGS: 92.4%

NET CUMULATIVE ENERGY SAVINGS: 57.2%

OPA-Contracted Province-Wide CDM Programs Draft Verified 2013 Results

Tillsonburg Hydro Inc.

FINAL 2013 Progress to Targets	2013 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings(MW)	1.8	0.4	19.0%	92.4%
Net Energy Savings (GWh)	0.4	5.8	56.9%	57.2%

Scenario 1 = Assumes that demand response resources have a persistence of 1 year

Scenario 2 = Assumes that demand response resources remain in your territory until 2014

NOTES:

In 2011, Tillsonburg Hydro Inc. entered into an agreement with a third party vendor, in order to assist THI in the administration of its CDM programs, 2011-2014. THI experienced significant staff turnover in 2013 and during this transition period, THI recognized existing issues relative to the administration of its CDM programs. THI performed a review in 2013 of the associated costs, value of services and deliverables provided by the third party. At the conclusion of the review, which included THI's concerns relative to THI meeting CDM targets, fees charged, absence of deliverables, as well as customer concerns, THI made the decision to discontinue its agreement with the third party as at December 31, 2013 with the intent of improving upon its in-house CDM knowledge. As THI does not have the internal resources available to assume all administrative requirements, it maintains a consultant to provide assistance and training.

In 2014, THI has taken an effective role in administering its programs, and deliverables to the public. THI has successfully completed outstanding and new retrofit projects and has participated in a number of community events to encourage energy savings. THI has combined efforts with neighbouring LDC's to jointly host events for its customers and channel partners. In 2014, THI has attempted to make personal contact with its customers and has held several onsite meetings to endorse conservation programs.

THI assumes that the demand response will remain in its service territory throughout 2014 and anticipates meeting its demand targets by the end 2014. Although THI may not reach its energy savings target, it is devotedly pursuing opportunities to promote energy savings. THI has made, and continues to make improvements with the administration and delivery of its CDM programs which well situates THI for progressive results in the future.

Connection of Renewable Generation

Renewable Connection Impact Assessments Completed on Time: For the years 2010 and 2012, THI completed all CIA's on time. For the years 2009, 2011 and 2013, there were no CIA's requested. THI is currently downstream of a Hydro One owned Tillsonburg TS which is under restriction for connections not included in its threshold allocation assessment.

New Micro-embedded Generation Facilities Connected on Time: As a result of the Hydro One owned Tillsonburg TS being restricted, THI is not accepting or connecting applications for Micro-embedded generation facilities.

Financial Ratios

Liquidity: The 5 year average for the Current Ratio is 2.36 with the high being 2.61 in 2010, and the low being 2.15 in 2009. The 2013 ratio of 2.25 suggests that THI has sufficient resources (assets) to pay its debts (liabilities) over the next 12 months.

Leverage: The 5 year ratio for Total Debt to Equity ranges from 0.00 in 2009 to .08 in 2013. In 2010, THI incurred long-term financing for the smart meter financing. The 2010 ratio peaked at .14. The Smart Meter Loan is the only debt owing by THI. Since THI continues to pay down the smart meter loan balance each year, combined with a year over year increase in Shareholder's Equity, the Total Debt to Equity ratio continues to decline.

Profitability: Regulatory Return on Equity: The achieved regulatory return on equity has improved in 2013 to 6.5% versus the 2012 figure of -2.65%. Achieved regulated return on equity measures the use of assets and control of expenses to generate a rate of return. THI will continue to control expenses with the goal of increasing this measure to be more in line with the deemed (included in rates) regulatory return on equity.