

Scorecard - Grimsby Power Inc.

9/29/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	77.80%	85.50%	87.00%	69.30%	65.30%		65.00%	
	Customer Satisfaction	First Contact Resolution				99.79%	99.93%			
		Billing Accuracy				99.98%	99.97%		98.00%	
		Customer Satisfaction Survey Results				92.00%	92%			
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%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	NI		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	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	2.09	1.23	2.38	0.73	0.37		1.89	
		Average Number of Times that Power to a Customer is Interrupted ²	1.24	1.73	1.70	0.52	0.16		1.25	
	Asset Management	Distribution System Plan Implementation Progress				76.90%	84.00%			
	Cost Control	Efficiency Assessment		2	2	2	2			
		Total Cost per Customer ³	\$517	\$568	\$538	\$554	\$575			
		Total Cost per Km of Line ³	\$22,193	\$25,010	\$23,739	\$24,953	\$26,284			
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					25.85%		10.85 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%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.28	1.30	1.32	0.76	0.71			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.18	1.25	1.07	1.27	1.73			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.42%	9.42%	9.42%	9.42%		
			Achieved	2.35%	12.04%	7.20%	5.89%	2.01%		

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 fixed 5-year (2010 to 2014) average 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 new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

Legend:

5-year trend up down flat

Current year target met target not met

2015 Scorecard Management Discussion and Analysis (“2015 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 2015 Scorecard MD&A:

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

Scorecard MD&A - General Overview

Grimsby Power Incorporated is committed to providing the residents and businesses of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. In 2015 Grimsby Power exceeded all performance targets. Of note Grimsby Power achieved over 25% of the 2015 – 2020 energy savings target in the first year of the Conservation First Framework.

Service Quality

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

In 2015, Grimsby Power Inc. connected 100% of the 116 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). Grimsby Power Inc. contributes the continued 100% rating in this category to a continued emphasis on customer service.

- **Scheduled Appointments Met On Time**

Grimsby Power Inc. met 100% of its scheduled appointments with customers in 2015. The appointments included cut and reconnects (upgrades to customer owned equipment) and any other related work requested by customers. Consistent with each year since 2010, the utility continues to meet 100% of these appointments on time, which exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2015 the customer service representatives at Grimsby Power Inc. received over 8000 calls from its customers. A representative answered a call in 30 seconds or less in approximately 65% of these calls. This result meets the OEB-mandated 65% target for timely call response. In 2015 there was a 40% increase in the number of telephone calls received over 2014. The increase in the number of calls along with the complexity of customer inquires resulted in another decline in the calls answered in time metric since 2013. In 2015 the percentage of calls answered within 30 seconds went down by 4% compared to 2014.

During 2015 the volume of moves within the Town of Grimsby continued to be high. Grimsby Power representatives receive complex enquires related to e-billing, energy use, electricity prices, conservation and low income programs. In 2015 Grimsby Power changed the way in which it delivered

reminder notices to customers to phone messages and/or email. With this change Grimsby Power saw an increase in the number of incoming calls related to reminder notices. Along with an increase in calls Grimsby Power also contributes a reduction in arrears to the new format of reminder delivery. Grimsby Power is committed to customer service and continues to promote the use of e-services through promotional contests and communications to help reduce the number of calls to the utility.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been defined across the industry. The Ontario Energy Board (OEB) had instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported starting in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure. First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

For Grimsby Power Inc., the First Contact Resolution measure is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives for the period January 1, 2015 to December 31, 2015. From January 1st to December 31st just over 8,000 calls were received and only six of those calls required the attention of management. This meant that 99.93% of customer related issues could be resolved by our customer service representatives. Continued education in customer service and continued awareness of customer needs through customer satisfaction surveys empowers our human resources to have continued success in first contact resolution.

- **Billing Accuracy**

Until July 2014 a specific measurement of billing accuracy had not been previously defined across the industry. After consultation with some electricity distributors, the Ontario Energy Board (OEB) has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2014.

For the period from January 1, 2015 – December 31, 2015 Grimsby Power issued 134,730 bills and achieved a billing accuracy of 99.97%. This compares favorably to the prescribed OEB target of 98%.

Grimsby Power continues to strive for excellence in billing accuracy results and continues its ongoing effort to recognize any issues that may arise and identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time the Ontario Energy Board is allowing electricity distributor's discretion as to how they implement this measure.

In 2014, Grimsby Power engaged a third party to conduct a customer satisfaction survey. This customer satisfaction survey provided information that

supports discussions around improving customer service at all levels and departments within Grimsby Power Inc. The survey asks customers questions on a wide range of topics, including: overall satisfaction with Grimsby Power, reliability, customer service, outages, energy conservation, billing and corporate image. The result of the survey was 92% of Grimsby Power customers were “very + fairly satisfied”. This result exceeded the overall Ontario score of 83% in the same category. Grimsby Power will again engage a third party to conduct a customer satisfaction survey for 2016 reporting.

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced this 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**

In 2016 Grimsby Power Inc. engaged a third party to launch the new public awareness survey among a representative sample of the Town’s population. The survey gauges the awareness level of key electrical safety concepts related to distribution assets and was based on a template survey provided by the Electrical Safety Authority (ESA). Grimsby Power’s Public Safety Awareness Score is 82%.

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

Over the past five years, Grimsby Power Inc. was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety which includes adherence to design standards and GPI’s construction verification program which ensures that the construction work matches the design standards. 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. In 2015 Grimsby Power received a “Needs Improvement” (NI) rating. Needs Improvement is defined as i) a failure to comply with part of Regulation 22/04 or ii) Non-pervasive failure to comply with adequate, established procedures for complying with Regulation 22/04. Grimsby Power corrected the identified issue and remains strongly committed to safety and compliance with all applicable regulations.

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

Grimsby Power has had zero incidents involving the general public.

System Reliability

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

Grimsby Power’s current five year average for the average number of hours that power to a customer is interrupted is 1.36. In 2015 Grimsby Power further improved its score from the 2014 figure of 0.73 to 0.37. Achieving 0.37 Grimsby Power far surpasses the 1.36 target. Continued focus on system reliability through planned maintenance and capital investments in infrastructure will ensure Grimsby Power continues to achieve its targets.

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

Grimsby Power's average number of times that power to a customer is interrupted was 0.16 in 2015. This is well below the five year average of 1.07. Investment in infrastructure and a reduced impact of serious storms further reduced the number of times power was interrupted.

Asset Management

- **Distribution System Plan Implementation Progress**

Grimsby Power submitted a Distribution System Plan (DSP) with its 2016 Cost of Service Application. The consolidated five year Distribution System Plan (DSP) submitted with the application begins in 2016. The DSP serves to outline how Grimsby Power Inc will develop, manage and maintain its distribution system equipment to provide a safe, reliable, efficient and cost effective distribution system. Although in 2015 Grimsby Power did not have a formal DSP the company still engages in capital projects that serve to develop and maintain its distribution system. The percentage of Grimsby Power capital projects that had been completed by December 31, 2015 was 84%. This percentage was determined using a weighted completion percentage.

Cost Control

- **Efficiency Assessment**

The relative efficiency of LDC's is evaluated annually by the Pacific Economics Group LLC for the OEB. This evaluation is part of the OEB's rate setting parameters and benchmarking under the renewed regulatory framework for Ontario's electricity distributors. Each LDC is ranked by a "stretch factor" into five different groups which reflect the potential for incremental productivity gains in each LDC. In 2015, for the fifth year in a row, Grimsby Power was placed in Group 2. A Group 2 distributor is defined as having actual costs 10 to 25 percent below predicted costs. A Group 2 utility is considered "more efficient" – in other words, Grimsby Power's continued focus on reasonable costs has made the LDC more efficient.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Grimsby Power's capital and operating costs and dividing this cost by the total number of customers that Grimsby Power serves. The cost performance result for 2015 is \$575/customer which is a 3.79% increase over 2014.

Grimsby Power has experienced an increase in its total costs required to deliver quality and reliable services to customers. Growth in employee compensation costs, as well as investments in new information technology systems along with the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. Grimsby Power will continue to replace distribution assets proactively and in conjunction with its Distribution System Plan in a manner that evaluates risks and impacts on customer rates.

- **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 Grimsby Power operates to serve its customers. Grimsby Power's 2015 rate is \$26,284 per Km of line. Grimsby Power continues to see low growth in its total kilometers of lines and an increased growth in capital additions due to an increase in residential subdivision development relative to past years. Typically these developments “lie along” existing distribution lines and this keeps the total kilometers of line low whereas the density of the customer base increases. This causes the cost per Km of line to increase and it has increased at an average rate of 5% per year since 2010.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Grimsby Power is pleased to have achieved over 25% of its total plan target in the first year of the Conservation First Framework. Grimsby Power has been allocated a total plan target of 10,850,000 kWhs. This amount of energy savings is to be achieved from 2015 to 2020. In 2015 only eight LDC's achieved a higher percentage of their allocated target. Our successful achievement was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of the receipt of the application if there is no distribution system reinforcement or expansion required and within 90 days if there is distribution system reinforcement or expansion required. In 2015, Grimsby Power completed one CIA and it was done within the prescribed time limits.

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

In 2015, Grimsby Power connected six new micro-embedded generation facilities (microFIT projects of less than 10 kW). The connections were completed within the prescribed time frame of five business days 100% of the time. The minimum acceptable performance level for this measure is 90% of the time.

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 safety to cover the company's short-term debts and financial obligations.

Grimsby Power's current ratio has decreased slightly from 0.76 in 2014 to 0.71 in 2015. In 2015 Grimsby Power continued to see increased spending on capital expenditures due to growth in residential subdivision development. This continued investment further deteriorated Grimsby Power's liquidity.

- **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 debt to equity ratio that is higher than 1.5 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. Grimsby Power continues to move towards a debt to equity structure that closely matches the deemed 60% to 40% capital mix as set out by the OEB. In 2015 Grimsby Power moved slightly above the 60/40 split by moving its total debt to equity ratio from 1.27 in 2014 to 1.73 in 2015. The current 1.73 debt to equity ratio represents approximately 63% debt and 37% equity.

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

Grimsby Power's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.42%. This deemed rate was determined through the rate application process in 2012 (EB-2011-0273). The OEB monitors the achieved regulatory return on equity and if an LDC achieves +/- 3% of their deemed regulatory return on equity the OEB may make further inquiries with distributors.

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

Grimsby Power's achieved return in 2015 was 2.01%, which is outside the OEB range of +/-3%. Grimsby Power's achieved regulatory return is lower than the deemed ROE due to operation expenses being higher than the 2012 OM&A covered in distribution rates and an increase in fixed assets due to residential sub division development.

Note to Readers of 2015 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.