

Scorecard - Tillsonburg Hydro Inc.

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%	94.00%	93.10%	94.60%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%		95.20%	100.00%		90.00%		
		Telephone Calls Answered On Time	84.50%	84.50%		71.80%	68.40%		65.00%		
	Customer Satisfaction	First Contact Resolution				89.4%	95.04%				
		Billing Accuracy				99.81%	99.94%		98.00%		
		Customer Satisfaction Survey Results					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%		
		Level of Compliance with Ontario Regulation 22/04 ¹	NI	NC	NC	NC	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	2.12	1.46	2.08	0.29	0.75			1.42	
		Average Number of Times that Power to a Customer is Interrupted ²	0.66	1.04	2.58	0.56	1.07			1.06	
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In Progress				
	Cost Control	Efficiency Assessment		4	4	4	3				
		Total Cost per Customer ³	\$656	\$667	\$736	\$658	\$648				
		Total Cost per Km of Line ³	\$28,189	\$28,812	\$32,796	\$34,312	\$34,135				
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%	11.31 GWh	
	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)	2.61	2.59	2.22	1.80	1.78				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.12	0.10	0.08	0.05	0.04				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.98%	8.98%	8.98%			
			Achieved	-1.32%	-2.65%	6.50%	6.63%	11.02%			

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

Scorecard MD&A- General Overview Tillsonburg Hydro Inc.

In 2015, Tillsonburg Hydro Inc. (THI) exceeded all performance targets with the exception of Level of Compliance with Ontario Regulation 22/04 and System Reliability – Average Number of Interruptions (SAIFI).

THI takes safety seriously and compliance with Ontario Regulation 22/04 is a key component of safety. THI achieved positive movement in the Compliance with 22/04 metric during 2015, moving to a Needs Improvement from a Non Compliance rating during 2014, and is working towards a Compliance rating for 2016 reporting.

The System Reliability metric is discussed in detail below.

In 2015, THI achieved improvements to the overall scorecard performance results as compared to prior years. These performance improvements are expected to continue going forward as investment in THI distribution system reliability and continued responsiveness to customer feedback continue. It should be noted that a number of improvements in the 2015 Scorecard performance results and the associated record keeping, is a direct result of THI responding to deficiencies as reported in the OEB's 2014/2015 RRR Audit of THI.

Service Quality

Tillsonburg Hydro Inc. (THI) strives to provide customer service that exceeds the Ontario Energy Board (OEB) Industry Targets. During 2015 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 87 of 92 new services (94.60%) within the 5 business day standard during fiscal 2015; this exceeds the OEB target of 90%. 2015 results improved compared to both 2013 and 2014 results.

- **Scheduled Appointments Met On Time**

During fiscal 2015, THI scheduled 99 appointments and arrived to all of these as scheduled. THI consistently exceeds the OEB target of 90% for this metric and improved upon 2014 results.

- **Telephone Calls Answered On Time**

THI received a total of 5,196 incoming calls that meet OEB reporting guidelines during 2015. Of these calls, 3,553 were answered within the 30 second metric used by the OEB resulting in a 68.40% metric. This metric exceeds the OEB industry target; however is slightly lower than historical results. During 2016, THI will be working on improving this metric to provide a higher level of service to our customers.

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 improved from 2014 results.

- **First Contact Resolution**

THI resolved customer issues 95.04% during the first contact with THI staff during 2015. This is an improvement from the 2014 reported values. While there currently is not an OEB published industry target, THI will continue to value customer's time by empowering our staff to resolve customer issues during the first contact.

- **Billing Accuracy**

During 2015, THI produced 74,810 bills and achieved a 99.94% accuracy metric. This metric exceeds the 98% industry target set by the OEB and an improvement over 2014 results.

- **Customer Satisfaction Survey Results**

While the respondents to THI 2015 survey provided a "Satisfied" ranking of THI service delivery, the sample size is not significant enough to provide adequate feedback to THI on "How we are actually performing?" in the customers eyes. As a result during 2016 THI has elevated the efforts to obtain this information. During 2016 THI participated in a Strategic Planning exercise that included reaching out to the public to identify opportunities and current satisfaction levels. THI also contracted with a 3rd party to obtain customer satisfaction levels from an outbound phone survey. During 2016, THI is also updating our Distribution System Plan (DSP) with increased reached-out to our customers to obtain satisfaction levels.

All of these contact points will be used to obtain a satisfaction rating for 2016.

- **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 to survey residents within the THI service territory on the level of public awareness on electrical safety. THI achieved a result of 83%. While there is currently not an industry target published by the OEB, peer review of other Local Distribution Companies (LDCs) show that of 36 LDCs data that was available the safety metrics were between 77% and 86% with the median score of 82%. THI's results are favorable compared to this group.

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

During 2015, THI received a "NI" rating (Needs Improvement), which is an improvement over the 2014 rating of "NC" (Not Compliant). During 2016, THI is implementing procedure changes that will move THI towards a "C" (Compliant) rating.

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

For the years 2011 through 2015 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 2015, THI reported an increase in the Average number of Hours that Power to a customer is interrupted (SAIDI) compared to 2014. 2014 was a quiet year for storm activity in THI's service territory and this increase in the SAIDI metric was foreseeable. The 2015 SAIDI results (0.75) is very strong and falls below the OEB distributor specific target of 1.42

The metric indicates that the average customer in THI's service territory experienced $\frac{3}{4}$ of an hour of interruption during 2015.

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

During 2015, THI reported an increase in the Average Number of Times that Power to a customer is interrupted (SAIFI i.e. Frequency) compared to 2014. Again, as 2014 was a quiet year for storm activity in THI's service territory, this increase to the SAIFI metric was foreseeable. The 2015 SAIFI results (1.07) fall just below the OEB distributor specific target of 1.06, however is still a strong result.

This metric indicates that the average customer in THI service territory experienced just over 1 outage during 2015.

Asset Management

- **Distribution System Plan Implementation Progress**

Tillsonburg Hydro Inc. is in the process of completing our Distribution System Plan in conjunction with its next Cost of Service Application or as otherwise required by the OEB and anticipates filing a revised DSP during 2016. Reporting on implementation will commence during 2016/2017 scorecard activity.

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 2015, THI improved our ranking to group 3 (up from a historical group 4 ranking). Group 3 LDCs are defined as having actual costs within +/- 10% of predicted costs. Group 3 is the “average LDC” and THI has moved in a positive manner in this category.

- **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 2015 was \$648 which is a decrease from 2014 and prior years.

- **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 2015 is \$34,135 based on 134km of line. This is an improvement, as with other metrics in the Cost Control area, over the historical results.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

THI's Net Cumulative Energy Savings for 2015 were reported at 1,886 MWh (or 1,886,000 kWh) as a percentage of our 2015-2020 allocated target of 11,310 MWh, representing 16.68% of the allocated target. THI has partnered with London Hydro to deliver the Conservation First Framework (CFF) conservation program. THI's plan was targeting 660 MWh for 2015 results, the achieved results are 285% of this target.

Connection of Renewable Generation

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

All of THI's current feeders are supplied out of the Hydro One owned Tillsonburg TS. Due to an upstream restriction on the Transmission system THI is not allowed to connect any Renewable Generation. As a result THI did not accept any Connection Impact Assessments during 2015.

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

As a result of the Hydro One Transmission System restriction upstream of the Tillsonburg TS, THI did not accepting or connecting applications for Micro-embedded generation facilities during 2015.

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 marginally decreased from 1.80 in 2014 to 1.78 in 2015.

- **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 2015 debt to equity ratio of 0.04.

- **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’s return achieved in 2015 was 11.02, which is within the +/-3% range allowed by the OEB.

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 judgement on the reporting date of the performance scorecard, and could be markedly different in the future.