

Scorecard - Enersource Hydro Mississauga Inc.

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	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	99.20%	98.60%	97.60%	99.10%	99.40%		90.00%		
		Scheduled Appointments Met On Time	99.00%	99.20%	99.80%	99.70%	99.90%		90.00%		
		Telephone Calls Answered On Time	84.90%	84.30%	84.80%	84.00%	83.40%		65.00%		
	Customer Satisfaction	First Contact Resolution			78.3%	77.59%	70.3%				
		Billing Accuracy			98.73%	99.39%	99.54%		98.00%		
		Customer Satisfaction Survey Results		92%	88%	90%	90%				
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				77.00%	77.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	3	0	1	0	3			1
	Rate per 10, 100, 1000 km of line		0.581	0.000	0.193	0.000	0.577			0.108	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.68	0.56	0.52	0.64	0.77			0.61	
		Average Number of Times that Power to a Customer is Interrupted ²	1.36	0.93	0.96	1.46	1.02			1.18	
	Asset Management	Distribution System Plan Implementation Progress		99%	105%	126%	97%				
	Cost Control	Efficiency Assessment	2	2	2	2	3				
		Total Cost per Customer ³	\$689	\$692	\$697	\$760	\$780				
		Total Cost per Km of Line ³	\$26,379	\$26,742	\$27,100	\$29,706	\$30,597				
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				12.33%	32.34%			483.27 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	94.12%	100.00%	92.11%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time		98.44%	100.00%	96.67%	99.17%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.65	1.45	1.14	1.11	0.79				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.34	1.26	1.21	1.49	1.66				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.57%	8.93%	8.93%	8.93%	8.93%			
			Achieved	6.58%	9.46%	9.43%	7.54%	6.13%			

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.

Legend:

5-year trend

up down flat

Current year

target met target not met

2016 Scorecard Management Discussion and Analysis (“2016 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 2016 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Enersource Hydro Mississauga Inc. (“Enersource”) serves over 200,000 residential and commercial customers across Mississauga. In 2016, Enersource met or exceeded all targets except for the safety measure that tracks the number and rate of serious electrical incidents occurring on a distributor’s assets and the system reliability measure that tracks the number of hours that power to a customer is interrupted. The safety measure is established based on a distributor’s specific performance target using historical data and prior performance. The OEB established a target of one (1) for Enersource in 2016. One of the three incidents in 2016 was weather related, resulting in damage to a wood pole. The remaining two incidents were a result of equipment failures. System reliability was impacted by outages caused by aging equipment. Many of the substations and distribution lines (overhead and underground) were installed over forty years ago as part of significant development that Mississauga experienced in the late 1970s and early 1980s. Enersource has developed a five-year Distribution System Plan which is intended to address, among other things, the aging infrastructure.

Enersource continues to exceed and experience improvements in the service quality performance category by continuously connecting new residential/small business services on time and ensuring scheduled appointments are met on time. Further, Enersource continues to exceed the Ontario Energy Board (“OEB”)’s billing accuracy industry target and experienced an improvement in this measure in 2016.

Service Quality

New Residential/Small Business Services Connected on Time

The OEB’s Distribution System Code (“DSC”) requires electricity distributors connect eligible low-voltage (less than 750 volts) residential and small business customers within a five-day timeline, at least 90% of the time. In 2016, Enersource connected 99.4% of 1,695 eligible low-voltage residential and small business customers to its system within the five-day timeline. This result is a slight improvement over the 2015 result of 99.1%.

Scheduled Appointments Met On Time

The OEB's DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Appointments include requests for underground cable locates, reconnections, and meter reads. Of 1,871 appointments scheduled in 2016 requiring the presence of the customer, Enersource met 99.9% of these appointments within the OEB approved timeframe. These results are considerably better than the industry target of 90%.

Telephone Calls Answered On Time

The OEB's DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls that are received by the call centre and are driven by factors such as billing inquiries, customer move in and outs, news about the electricity market in the media, conservation and demand management programs and power outages.

In 2016, Enersource Customer Service Representatives ("CSRs") received approximately 153,100 calls from customers as compared to approximately 145,800 calls in 2015. This represents a 5% increase in call volumes. Enersource CSRs answered 83.4% of incoming calls within 30 seconds. This performance exceeds the OEB mandated target of 65% and is a slight reduction of 0.6% compared to the 2016 result of 84.0%.

Customer Satisfaction

First Contact Resolution

The OEB does not provide a specific metric for First Contact Resolution ("FCR"), which is a customer query resolved in a single call, thereby eliminating the need for the customer to follow up with a second call. The OEB instructed all electricity distributors to review and develop a number of customer satisfaction measurements for reporting 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 this item 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.

Enersource has defined FCR as resolving a residential or commercial customer query or problem during the first telephone call. Enersource measures FCR based on whether the customer calls more than once within a 30 day period. Enersource's 2016 result was

70.3% as compared to 77.59% in 2015. Repeat calls within 30 days are primarily the result of high billing and collection customer queries.

Billing Accuracy

The Billing Accuracy customer satisfaction metric is defined as the number of accurate bills issued expressed as a percentage of the total bills issued. A bill is considered accurate if it has not been subject to any adjustments, meter reading estimates, or a bill cancellation with a re-bill. In 2016, Enersource issued more than 1.3 million customer bills and achieved billing accuracy performance of 99.5%. This result exceeds the prescribed OEB target of 98% and is an improvement as compared to Enersource's 2014 and 2015 results.

Customer Satisfaction Survey Results

Electricity distributors are required to measure and report customer satisfaction results at least every other year. At this time, the OEB is allowing electricity distributors the discretion as to how they implement this measure.

Enersource commissioned its most recent survey in 2015, and achieved a score of 90%. This score is used for the Customer Satisfaction Survey Results for the 2015 and 2016 reporting periods. In 2015, Enersource took steps to provide its customers with information important to them about the electricity system in their community. Enersource provided customers with information about how it is planning to maintain the Mississauga electricity system reliably, safely, and cost-effectively into the future. Customers had the opportunity to ask questions and provide feedback to Enersource about their views and concerns.

Enersource invited its approximately 200,000 residential and commercial customers to participate in a web-based survey. The invitations were sent via multiple channels, including Press Release, email invitation to those customers whose email addresses were on file, bill inserts, and multiple Twitter announcements. In 2015, 90% percent of the 2,206 customers that visited the survey site said they had a "High" or "Medium" degree of confidence in Enersource continuing to do a good job of providing safe, reliable, cost effective electricity by implementing the investments associated with its Distribution System Plan.

Safety

Public Safety

The OEB introduced a public safety measure for the 2014 Scorecard. This measure looks at safety from a customer's point of view. The safety measure is tracked 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. Details of these components and how Enersource

performed in each component can be found below.

Operating safely is Enersource's overriding objective, both as an employer and as a responsible operator within the community. As an employer, Enersource's Safety First culture includes mandatory, ongoing safety training for all employees, quarterly staff review of potential and actual safety incidents, and sharing of important safety messages.

Enersource's Safety First culture is demonstrated in the community through its e-SMARTkids website which is designed to teach grade school children about electrical safety, and its partnership with MySafeWork which educates young workers about safety regulations within the workplace.

To ensure employee safety preparedness, Enersource's ongoing safety training includes orientation training for new employees, annual safety boot-camp for front-line employees, and skills training for apprentices.

Component A – Public Awareness of Electrical Safety

The Level of Public Awareness Score in Enersource's territory is determined based on the standard survey developed by the ESA and the OEB. The survey measures awareness levels of electrical safety related to its distribution equipment through a telephone survey (Random Digit Dialing) among 400 members of the general public. The first of these biannual public awareness surveys was issued in March 2016 with Enersource receiving a Public Safety Awareness Index Score of 77%. This score is used for the Level of Public Awareness Score for the 2015 and 2016 reporting periods. The survey results provided Enersource with a baseline of awareness and identified gaps where additional education and awareness efforts may be required.

Component B – Compliance with Ontario Regulation 22/04

In 2016, and the previous four years, Enersource was compliant with Ontario Regulation 22/04. This regulation establishes electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by electricity distributors.

Component C – Serious Electrical Incident Index

This metric details the number and rate of "serious electrical incidents" per 1,000 km of line (5,203 km for Enersource). The target for the Serious Incident Index is based on a 30% reduction of the previous five years' results. Enersource experienced three (3) serious electrical incidents in the 2016 reporting period which was outside of the five year average and did not meet the target number of incidents of one (1) and rate per 1,000km of line prescribed by the OEB. One of the three incidents was weather related, resulting in damage to a wood pole. The remaining two incidents were a result of a connector failure on the overhead distribution system. Failure of overhead pole line

hardware represents approximately 10% of all equipment failures at Enersource. As a result, Enersource has recommended: increased wood pole testing; continued replacement of porcelain/epac insulators; increased power washing and infrared scanning; and continued rebuilding of old, end of life overhead assets to identify and remedy equipment issues prior to failure which will aid in meeting the Serious Electrical Incident target going forward.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted

In 2016, Enersource's average number of hours that power to a customer was interrupted of 0.77 hours which represents an increase of 0.13 hours (7.8 minutes) relative to 2015. The 2016 performance was above the OEB target of 0.61 hours which is largely attributed to an increase in material and equipment related failures, specifically cable failures. Outages caused by cable failures in 2016 were over 2 million customer interruption minutes higher when compared to cable failures experienced in 2015. To reverse this increasing trend, Enersource implemented practices to address cable failures with plans to increase the amount of renewal over the near term.

Average Number of Times that Power to a Customer is Interrupted

Enersource's average number of times when power to a customer was interrupted improved with a decrease of 0.44 interruptions relative to 2015. This reduction is attributed lower foreign interference, tree and lightning related outages. Enersource's 2016 performance was below the OEB target for the average number of times when power to a customer was interrupted (1.02 interruptions compared to a target of 1.18 interruptions).

Asset Management

Distribution System Plan Implementation Progress

The Distribution System Plan ("DSP") Implementation Progress measure was initiated by the OEB in 2013. The OEB does not require all distributors to use the same approach to measure DSP Implementation progress. Until the OEB establishes a definition for this measure, utilities may define the measure in the manner that best fits their situation. The OEB requires that a distributor report on this metric to indicate whether its work continues to be "on track" relative to its DSP.

In 2016, Enersource continued to revise the DSP. Enersource measures the progress of its DSP as a percentage of actual capital expenditure versus budgeted capital expenditure. In 2016, Enersource spent 97% of its budget. The decrease in capital expenditure in

2016 was primarily due to: fewer industrial/commercial service connections; fewer individually metered condominium projects; and lower than planned general plant investments.

Cost Control

Efficiency Assessment

The total costs for Ontario local electricity distributors are evaluated by the Pacific Economics Group LLC, on behalf of the OEB, to produce a single efficiency ranking. Ontario electricity distributors are divided into five groups which are based on the magnitude of the difference between their respective individual actual and predicted costs; Group 1 being the most efficient, and Group 5 being the least efficient. Since 2012 Enersource has received a Group 2 efficiency assessment; A Group 2 distributor is defined as having actual costs 10% to 25% or more below predicted costs. In 2016, an update of the PEG analysis was released that indicated a change to Enersource's relative efficiency. Enersource was placed in Group 3; a Group 3 distributor is defined as having actual costs within 10% of predicted costs.

Total Cost per Customer

Total cost per customer is calculated as the sum of Enersource's capital and operating costs and then dividing this cost by the total number of customers that Enersource serves. The cost performance result for 2016 is \$780 per customer, which is 3% higher than the 2015 result of \$760 per customer. Total cost per customer is influenced by growth in maintenance costs and replacement of aging assets.

When comparing Enersource's Total Cost per Customer against other electricity distributors with a high percentage of residential customers, it is important to consider Enersource's significant commercial and industrial base. Enersource has nine Large Use customers (5 MW annually or greater) totaling over 1 billion kWh of consumption in 2016, including Canada's largest and busiest airport. In other words, the electricity consumed by Enersource's Large Use customers would equate to approximately 110,000 residential customers consuming 750 kWh per month, which would spread the total cost over a much larger number of customers theoretically reducing the total cost per customer. Large Use customers also require additional infrastructure, systems, and customer support which may increase Enersource's total cost over other residential-based electricity distributors.

Total Cost per Km of Line

The total cost per km of line divides the same cost as above (for total cost per customer) by the km of line that Enersource operates to serve its customers. Enersource's total cost per km of line for 2016 was \$30,597, a 3.0% increase over 2015.

Conservation & Demand Management

Net Cumulative Energy Savings

Enersource achieved 81.6 GWh of Net Energy Savings in 2016 of which 81.0 GWh will contribute towards the Company's six year target of 483.3 GWh.

Net cumulative savings achieved in the first two years of the Conservation First Framework are 169.0 GWh, of which 156.3 GWh will persist to 2020 (32.3% six year cumulative target).

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to complete Connection Impact Assessments ("CIA") within 60 days of receiving a request from an applicant proposing to connect an embedded generation facility to the distribution system. In 2016, Enersource completed 100% of the 5 CIA requests received within the required timeframe.

New Micro-embedded Generation Facilities Connected on Time

Electricity distributors are required to connect micro-embedded generation facilities within five business days, at least 90% of the time. In 2016, Enersource connected 120 of 121 new micro-embedded generation facilities within the required five business day timeline, for an annual Connected On-Time result of 99.2%, slightly above the 2015 result of 96.67%. Enersource's performance exceeds the OEB's industry target of 90%.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

The OEB requires distributors to report their Current Ratio because it is one of a number of common measures of the financial health of a distributor. The Current Ratio indicates whether or not the distributor has enough resources (assets) to pay its debts (liabilities) over the next 12 months. A Current Ratio of 1.0 means all current assets can cover all current liabilities. Enersource's current ratio decreased to 0.79 in 2016 from 1.11 in 2015. The change is primarily due to the reclassification of a credit facility which matured in the second quarter of 2017 from a non-current liability to a current liability.

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). The debt to equity ratio measures the extent to which assets are financed by debt and equity in an entity. 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 of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. Enersource's total debt to equity ratio increased from 1.49 in 2015 to 1.66 in 2016. Enersource's strong financial position is further supported by the Standard & Poor's Rating Services rating of "A".

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

The OEB requires all distributors to report their Return on Equity ("ROE") earned through OEB approved distribution rates as another common measure of the financial health of the distributor. The OEB allows a distributor to earn within +/- 3% of the expected ROE. 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. Enersource's distribution rates were approved by the OEB and include a deemed ROE of 8.93%.

Profitability: Regulatory Return on Equity – Achieved

The OEB requires all distributors to report their ROE earned through OEB approved distribution rates as another common measure of the financial health of the distributor. The OEB, however, allows a distributor to earn within plus or minus 3% of the deemed ROE. 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. Enersource achieved a ROE in 2016 of 6.13%, which is within the +/- 3% range allowed by the OEB. The average five-year return for 2012 to 2016 was 7.82%. Enersource's ROE decreased from 7.54% in 2015 to 6.13% in 2016. The decrease in the return is principally due to an increase in maintenance costs and replacement of aging assets.

Note to Readers of 2016 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.