

Scorecard - Newmarket-Tay Power Distribution Ltd.

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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	98.60%	94.90%	96.50%	98.00%	99.80%	⬆	90.00%		
		Telephone Calls Answered On Time	88.50%	83.60%	84.90%	84.00%	81.80%	⬇	65.00%		
	Customer Satisfaction	First Contact Resolution			85%	92%	90%				
		Billing Accuracy			99.98%	99.98%	99.99%	⬆	98.00%		
		Customer Satisfaction Survey Results			92%	94%	91%				
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%	82.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	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	0.56	0.51	0.68	0.58	0.42	⬇		0.59	
		Average Number of Times that Power to a Customer is Interrupted ²	0.38	0.43	0.79	0.67	0.57	⬆		0.51	
	Asset Management	Distribution System Plan Implementation Progress			80%	99%	100%				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$536	\$543	\$566	\$579	\$600				
		Total Cost per Km of Line ³	\$21,830	\$22,272	\$23,340	\$23,801	\$24,893				
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				22.68%	38.69%			36.24 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%	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)	3.13	2.69	2.66	2.70	2.74				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.65	0.61	0.61	0.74	0.67				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.66%	9.66%	9.66%	9.66%			
			Achieved	9.39%	11.10%	8.88%	8.51%	8.01%			

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.

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

Newmarket-Tay Power Distribution Ltd. (“NTPDL”) continues to succeed in Customer Focus (Service Quality, Customer Satisfaction), Operational Effectiveness (Safety, Asset Management and Cost Control), Public Policy Responsiveness (Conservation, and Connection of Renewable Generation) as well as Financial Performance (Financial Ratios). In 2017, NTPDL expects to continuously meet or exceed industry targets as set out within the scorecard performance measurements. In 2016, NTPDL helped its customers collectively reduce their energy usage by 4.9 GWh through participation in conservation programs.

In 2016, NTPDL successfully met the performance targets except for one of the two system reliability measures. This is primarily due to planned outages to facilitate the VIVAnext Bus Rapid Transit (“BRT”) project. As the BRT project completes in 2018, NTPDL expects that statistics related to outage frequency will be within historical norms going forward. However, NTPDL notes that its outage statistics are appreciably better than the industry norm.

Service Quality

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

In 2016, NTPDL connected all of its new service customers within the five-day timeframe set by the Ontario Energy Board (“OEB”). This is the 6th year in a row NTPDL has achieved 100%; exceeding the OEB standard of 90%. Meeting customers’ expectations is a priority for NTPDL. Maintaining adequate resources enables NTPDL to be responsive to customers’ needs.

- **Scheduled Appointments Met On Time**

In 2016, NTPDL met the majority (99.8%) of its scheduled appointments within the prescribed OEB timeframe. NTPDL exceeded the OEB standard by 9.8%, representing a 1.8% improvement over the previous year. NTPDL made process improvements to their cable locating appointment scheduling process, streamlining with a third-party services.

- **Telephone Calls Answered On Time**

NTPDL received 37,214 qualified incoming telephone calls in 2016 with 82% of calls being answered within 30 seconds or less. This exceeds the OEB mandated target of 65%.

The 2015 call answer volume was 37,276. Incoming calls vary from year to year due to numerous factors. Over 35,000 calls are expected to be addressed annually, representing over 134 calls per business day. Call volumes have remained somewhat stable over the 2011 – 2016 period. The existing processes are expected to maintain performance above the 65% threshold level.

Customer Satisfaction

- **First Contact Resolution**

NTPDL strives to ensure customers needs are promptly addressed and resolved within the first contact. In 2016, first contact resolution result was 90%. There is a continued effort to drive this result for further improvement in the future. NTPDL tracks First Call Resolution using its Customer Inquiry System (CIS).

- **Billing Accuracy**

NTPDL issued over 435,000 bills within 2016 and achieved a 99.9% accuracy. This compares favourably to the prescribed OEB target of 98%. NTPDL continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

NTPDL engaged Simul Corporation to conduct the annual Customer Satisfaction Survey. The annual results enabled management to make informed decisions and recommend enhancements to improve customer satisfaction. The survey provides customers the opportunity to respond to a range of topics including: overall satisfaction with NTPDL, reliability, customer service, outages, billing and corporate image. The customer feedback collected is incorporated into NTPDL's planning process and forms the basis of plans to improve customer satisfaction and meet the needs of customers.

NTPDL received a score of 91% for 2016 on this measure as compared to a score of 94% for 2015. NTPDL will continue to use the survey

results to identify additional engagement opportunities.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety**

Biannually NTPDL executes a survey to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

In 2015, NTPDL engaged a third-party agent to survey the level of public awareness the safety precautions. Survey results were based on a random telephone survey of 400 respondents of the general public located in Newmarket and Tay service areas. NTPDL scored 82% on the OEB’s Public Safety Awareness Index Score. The results indicate that a majority of the public have a good awareness of the key public electrical safety issues.

NTPDL continues to promote continued education, awareness and application of safety around powerlines and as such, safety continues to play a key role in ongoing activities. NTPDL is required to annually report the performance results for Public Awareness of Electrical Safety Measure. The next survey for Public Awareness of Electrical Safety will be conducted in 2017.

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

In 2016, NTPDL achieved full compliance with Ontario Regulation 22/04 (“O.Reg.22/04”). 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. An audit is performed to determine the status of compliance (Non-Compliant (N/C), Needs Improvement (N/I), or Compliant (C)).

NTPDL’s Audit Report shows that there were zero (0) “Non-compliances” and zero (0) “Needs improvements” issues identified. This was the fourth consecutive audit without any findings. The ESA O.Reg. 22/04 – Compliance Assessment for 2016 stated that ESA is satisfied with NTPDL’s compliance with O.Reg. 223/04.

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

There were no public serious electricity incidents in 2016.

System Reliability

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

NTPDL achieved the distributor target of 0.59 that is established based on a five-year rolling average. The result of 2016 was 0.42 demonstrating an improvement over the previous year's result of 0.58.

The 2016 result represents that NTPDL's customers lost power for an average of 25 minutes per year compared to the industry average that exceeds 60 minutes. NTPDL continues to achieve an exceptionally high level of service availability and mitigate the average number of hours that power is interrupted to a customer.

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

The 2016 frequency of 0.57 represents steady improvement year over year (2015 at 0.67 and 2014 at 0.79). Planned short-duration outages to facilitate construction of the BRT project continued to contribute to a higher 5 year average outage frequency (compared to the OEB 2011-2015 average benchmark value standard of 0.51).

When the BRT project completes in 2018, NTPDL expects that outage frequency will return to the historical norms. It is important to note that the 2016 result equates to less than one interruption per customer per year. This exceeds the electrical utility industry of over one interruption per year. NTPDL will continue to strive to reduce the number of times that power is interrupted to a customer.

Asset Management

- **Distribution System Plan Implementation Progress**

The metric that NTPDL has chosen to most effectively reflect their performance in Distribution System Plan ("DSP") Implementation Progress, is the ratio of actual total capital expenditures made in a calendar year, over the total amount of DSP planned capital expenditures for that calendar year. In 2016, NTPDL spent 97% of the DSP planned capital for the calendar year. The DSP anticipated that 64% of capital expenditure in 2016 would be non-discretionary, while 73% of the actual capital expenditures were non-discretionary. This impacts NTPDL's timing of capital projects with respect to asset management. The 3% capital under-expenditure in 2016 was mainly due to NTPDL being unable to complete a powerline relocation due to a BRT project that is dependent on 3rd parties to complete their work first (telecom utility to

remove their temporary overhead plant before old poles can be removed).

The measure indicates that NTPDL is on-track in terms of implementation of its 5-year DSP.

Cost Control

- **Efficiency Assessment**

The total costs for local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

In 2016, NTPDL maintained its Group 2 position, meaning that actual costs were 10 to 25% below its predicted costs. Group 2 is considered “better than average efficiency” – in other words, NTPDL’s costs are lower than the average cost range for distributors in the Province of Ontario. Group 2 comprises 19% of LDC’s. In 2016, 44% of LDC’s were within 10% of the predicted cost, while 18% experienced excess costs in the 10% to 25% range; and 4% of LDCs had costs that exceeded 25%. NTPDL will continue to manage the OM&A and capital costs driving the efficiency ranking of the LDC.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of the company’s capital and operating costs and dividing this cost figure by the total number of customers that NTPDL serves. The cost performance result for 2016 is \$600/customer which is a 3.6% increase over 2015.

In 2016, similar to most distributors in the Province, NTPDL has experienced increases in its total costs required to deliver quality and reliable services to customers. NTPDL continued to incur considerable plant relocation cost related to the BRT project along Yonge Street. This BRT project entails innovative specialized construction to address constraints unique to the project.

NTPDL will continue to replace distribution assets proactively along a carefully managed timeframe and in a manner that balances system risks and customer rate impacts as demonstrated in the DSP. NTPDL strives to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on NTPDL’s spending plans.

- **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 circuit-kilometers of powerlines that NTPDL operates to serve its customers. NTPDL's 2016 rate is \$24,893 per km of line. This translates to a 4.6% increase from prior year.

NTPDL continues to experience a significant amount of powerline relocations due to regional and municipal road projects especially the BRT project along Yonge Street. Plant relocations consume funds yet, in most cases, add no new km of powerlines. As a result, cost per km of line has increased year over year with the increase in capital and operating costs. NTPDL continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

The conservation programs, designed to be delivered by utilities to their customers, support the Province's goal in reducing Provincial energy usage by 7 TWh by 2020. NTPDL was allocated 36.24 GWh of this target, of which today, NTPDL has successfully achieved 39% energy usage reduction in the past 2 years. In 2016, 53% of the savings came from the business sector and 47% from the residential sector. This achievement is attributable to NTPDL's active engagement in the community to promote the conservation programs as well as its commitment to provide the best value for service to its customers. NTPDL also works within a group of LDCs called CustomerFirst – a group that shares best practices and fosters synergies to create cost-effective and customer-focused delivery of the conservation programs.

CustomerFirst is a collaborative effort of a number of utilities, including NTPDL, to design and deliver cost effective conservation programs for their customers. All sectors and customer types are covered in the joint plan and customers will continue to have access to multiple province-wide, local and pilot programs through the 2016 – 2020 CDM target period.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within timelines in accordance with Ontario Regulation 326/09. In 2016, NTPDL completed all CIAs related to renewable generation within the prescribed timelines. In 2016, the CIA related to renewable generation was completed within the required timelines.

Renewable generation connection has not had a significant impact on investment and performance within the service area. Non-renewable “behind-the-meter” type generation and battery energy storage connections will pose new challenges for connection to the existing distribution system and NTPDL’s operations in the future.

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

In 2016, NTPDL connected 20 new micro-embedded generation facilities (microFIT projects of less than 10 kW) all within the prescribed time frame of five business days (100%). The minimum acceptable performance level for this measure is 90% of the time. NTPDL works closely with customers and contractors to tackle connection issues to ensure the project is connected on time.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

The current ratio is an indicator of financial health with a ratio greater than one indicating that the company is in a good position to pay its short-term debts and financial obligations. 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.

NTPDL’s 2016 current ratio is 2.74 (five year average is 2.78) indicating a strong liquidity position. NTPDL’s ratio has trended down in recent years due to the accumulation of the MIFRS variances which are in a liability position. The regulatory liability is being refunded to customers during the 2017 - 2018 time period.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

Debt-to-Equity Ratio is an indicator of a company's financial leverage. 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 high debt to equity ratio may indicate that a company may have difficulty generating sufficient cash flows to make its debt payments.

NTPDL’s 2016 debt to equity ratio is .67 and is lower than the OEB’s ratio of 1.5 as stated above. This enables NTPDL to manage financing requirements for infrastructure investment due to growth and development of the distribution asset system.

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

Regulatory rate of return on equity (ROE) calculation is based on the revenue and cost structure approved in the Cost of Service application within an allowable range of +/- 3%. If a distributor is outside that +/- 3% range, it could trigger a regulatory review of the distributor’s revenues and costs structure. NTPDL’s current OEB approved expected (deemed) regulatory return on equity is 9.66%.

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

NTPDL's regulatory return on equity for 2016 was 8.01%, which is well within the +/- 3% range allowed by the OEB. The average return over the past five years was 9.17%, which is within the OEB's +/- 3% range of deemed return on equity of 9.66%.

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.