<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Customer Focus</td>
<td>Service Quality</td>
<td>New Residential/Small Business Services Connected on Time</td>
<td>96.40%</td>
<td>95.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Scheduled Appointments Met On Time</td>
<td>92.90%</td>
<td>98.50%</td>
<td>98.20%</td>
<td>96.20%</td>
<td>91.70%</td>
<td></td>
<td>90.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telephone Calls Answered On Time</td>
<td>98.10%</td>
<td>98.60%</td>
<td>100.00%</td>
<td>96.20%</td>
<td>94.00%</td>
<td></td>
<td>65.00%</td>
</tr>
<tr>
<td></td>
<td>Customer Satisfaction</td>
<td>First Contact Resolution</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
<td>98.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Billing Accuracy</td>
<td>99.67%</td>
<td>99.90%</td>
<td>99.84%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Customer Satisfaction Survey Results</td>
<td>89.51%</td>
<td>89.51%</td>
<td>82.99%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational Effectiveness</td>
<td>Safety</td>
<td>Level of Public Awareness</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Level of Compliance with Ontario Regulation 22/04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Serious Electrical Incident Index</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Number of Days that Power to a Customer is Interrupted</td>
<td>0.47</td>
<td>0.23</td>
<td>1.28</td>
<td>0.68</td>
<td>0.67</td>
<td></td>
<td>0.92</td>
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<td></td>
<td>System Reliability</td>
<td>Average Number of Days that Power to a Customer is Interrupted</td>
<td>0.17</td>
<td>0.28</td>
<td>0.74</td>
<td>0.36</td>
<td>0.57</td>
<td></td>
<td>0.50</td>
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<tr>
<td>Asset Management</td>
<td>Distribution System Plan Implementation Progress</td>
<td>Stage 1</td>
<td>Stage 2</td>
<td>Stage 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Efficiency Assessment</td>
<td></td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Cost per Customer</td>
<td></td>
<td>$814</td>
<td>$802</td>
<td>$869</td>
<td>$818</td>
<td>$852</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Control</td>
<td>Total Cost per Km of Line</td>
<td></td>
<td>$7,928</td>
<td>$7,845</td>
<td>$8,445</td>
<td>$8,273</td>
<td>$8,644</td>
<td></td>
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<tr>
<td>Public Policy Responsiveness</td>
<td>Conservation &amp; Demand Management</td>
<td>Net Cumulative Energy Savings</td>
<td>14.52%</td>
<td>27.84%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.70 GWh</td>
</tr>
<tr>
<td></td>
<td>Connection of Renewable Generation</td>
<td>Renewable Generation Connection Impact Assessments</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Financial Performance</td>
<td>New Micro-embedded Generation Facilities Connected On Time</td>
<td>100.00%</td>
<td>100.00%</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Ratios</td>
<td>Liquidty: Current Ratio (Current Assets/Current Liabilities)</td>
<td>1.15</td>
<td>1.00</td>
<td>0.96</td>
<td>0.95</td>
<td>0.93</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio</td>
<td>0.80</td>
<td>0.71</td>
<td>0.64</td>
<td>0.58</td>
<td>0.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profitability: Regulatory Deemed (includes in rates)</td>
<td>8.57%</td>
<td>8.98%</td>
<td>8.98%</td>
<td>8.98%</td>
<td>8.98%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Return on Equity Achieved</td>
<td>9.22%</td>
<td>12.30%</td>
<td>6.38%</td>
<td>7.38%</td>
<td>5.16%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.
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:


Scorecard MD&A - General Overview

- In 2016, Sioux Lookout Hydro met all of its performance objectives, with the exception of average number of times that power to a customer is interrupted. This objective came slightly under the distributor target of .50 at .57 and will be discussed further under System Reliability. All other measures continue to exceed industry or distributor targets.
- Safety and Reliability remain at the forefront of Sioux Lookout Hydro’s priorities and the development of the Distribution System Plan to be implemented in 2018 will complement these objectives for optimal results.
- Cost control is always a challenge for Sioux Lookout Hydro given its small customer base and large service territory containing long spans of line located in unpopulated forested areas. Maintaining and upgrading our Distribution System in order to improve system reliability and meet regulatory requirements will require ongoing investments as our infrastructure and equipment ages.

Service Quality

- New Residential/Small Business Services Connected on Time
  - Sioux Lookout Hydro has exceeded this measure for the last five year with the last three scoring at 100% of services connected on time, which is within 5 days of receiving the connection authorization from the Electrical Safety Authority. Sioux Lookout Hydro strives to connect new services on the same say the connection authorization is received by the Electrical Safety Authority. Seventeen new services were connected in 2016.

- Scheduled Appointments Met On Time
  - In 2016 Sioux Lookout Hydro scheduled 109 appointments with a customer representative, of these 100 were met on time for a score of 91.7%. The 9 missed appointments were rescheduled and completed as required. The score decreased slightly from 2015, however still above the industry target of 90.0%. Sioux Lookout Hydro will continue to work towards improving the number of appointments met on time.
• **Telephone Calls Answered On Time**  
  o Sioux Lookout Hydro received 4,009 qualified incoming calls in 2016. 94.0% of these calls were answered within 30 seconds. While there is a slight decrease over 2015, Sioux Lookout Hydro still significantly exceeds the industry target of 65%. Due to the small size of the utility, Sioux Lookout Hydro does not have a sophisticated Call Centre; therefore all calls are answered in person by our office staff.

### Customer Satisfaction

#### First Contact Resolution  
  o Of all the telephone, in person and written concerns from our customers, 100% were handled at the first point of contact and none had to be escalated in order to be resolved. Sioux Lookout Hydro takes pride in the fact that we can interact with our customers on a personal level due to the utility’s small size. This allows better communication overall.

#### Billing Accuracy  
  o In 2016 Sioux Lookout achieved 99.84% billing accuracy, exceeding the industry target of 99%. We will continue to have effective processes and procedures in place to verify information before bills are issued in order to maintain a high level of billing accuracy.

#### Customer Satisfaction Survey Results  
  o Sioux Lookout Hydro conducted a customer satisfaction survey in July 2016. The results indicated that overall 82.99% of our customers were satisfied with the service Sioux Lookout Hydro provides. The most important issues noted by customers continue to be the high costs of electricity and system reliability, which is consistent with the 2014 Customer Satisfaction Survey.

### Safety

#### Public Safety  
  o **Component A – Public Awareness of Electrical Safety**  
    • This measure was implemented in 2016, but reported for the 2015 year. Sioux Lookout Hydro hired UtilityPULSE, an independent survey company to perform the survey using random digit dialing to connect with the entire Municipality of Sioux Lookout. It was challenging to complete the required number of completed surveys due to lack of trust from the community of a third party agency. Of the 300 required survey, Sioux Lookout achieved 264.  
    • The survey was developed by the Electrical Safety Authority and will be used going forward to measure the level of awareness of
key electrical safety precautions among the public within Sioux Lookout Hydro’s service territory. The survey will be conducted every two years, therefore the score for 2016 remains at 79%.

- **Component B – Compliance with Ontario Regulation 22/04**
  - Sioux Lookout Hydro was compliant with Ontario Regulation 22/04 for 2016 and all preceding years. The company is audited yearly by an independent auditor as required by Electrical Safety Authority. The purpose of the audit is “To conduct a comprehensive review of the processes, guidelines, and standards used by Sioux Lookout Hydro Inc. in their designs, construction, installations, use, maintenance and repairs, extensions, connections and disconnections of electrical equipment forming the distribution system as to avoid or reduce the possibility of electrical hazards.” Sioux Lookout Hydro will continue to modify its processes in order to improve efficiency and to maintain a safe distribution system free from hazards.

- **Component C – Serious Electrical Incident Index**
  - Sioux Lookout Hydro has not had any serious electrical incidents, and will continue to promote safe work practices and safety to the public in order to prevent such incidents.

### System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**
  - The average number of hours that power to customer was interrupted in 2016 remained stable over 2015 at 0.67. The main reason for outages was due to tree contact in 2016 at 72% due to increased storm activity and high winds. Our large rural service territory means that there are long spans of line that run through areas that are heavily treed. The low number reflects our prompt response time to outages.

- **Average Number of Times that Power to a Customer is Interrupted**
  - The average number of times that power to a customer was interrupted in 2016 increased from 0.36 to 0.57. The distributor specific target of 0.50 was not met by 0.07, while the downward arrow indicates improving reliability. The slight increase over 2015 is attributed to the aforementioned weather and the fact that more customers were affected by the outages caused by trees and foreign interference which are outside of the utilities control. Only 32 customers were affected by outages in 2016 due to defective equipment, while there were 49 customers affected in 2015.
### Asset Management

- **Distribution System Plan Implementation Progress**
  - The Distribution System Plan implementation progress was a new performance measure instituted by the OEB starting in 2013. The Plan is to be submitted to the OEB for approval with their next Cost of Service Application. Sioux Lookout Hydro is submitting their Distribution System Plan in 2017 for approval to the OEB in its 2018 Cost of Service Application to be implemented in 2018. The plan outlines Sioux Lookout Hydro’s forecasted capital expenditures over the next five years from 2018 to 2022 that are required to maintain and expand the electrical distribution system within Sioux Lookout to service its current and future customers.
  - Stage 5 indicates that the plan is complete and awaiting review and approval from the OEB to be implemented in 2018.

### Cost Control

- **Efficiency Assessment**
  - The total cost and efficiency estimates use complex calculations that were developed by an independent third party consultant of the OEB, Pacific Energy Group (PEG) 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, for the fifth year in a row, Sioux Lookout Hydro was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered “average efficiency” – in other words, Sioux Lookout Hydro costs are within the average cost range for distributors in the Province of Ontario.

  - Although Sioux Lookout Hydro’s forward looking goal is to advance to the “more efficient” group, management’s expectation is that efficiency performance will not decline.

- **Total Cost per Customer**
  - The total cost per customer is calculated as the sum of Sioux Lookout Hydro’s capital and operating costs and dividing this cost figure by the total number of customers that Sioux Lookout Hydro serves. Sioux Lookout Hydro’s total cost per customer increased in 2016 by $34.00 per customer. The increase can be attributed to a number of different things that occurred in 2016, such as increased spending for training, tree trimming, an increase for billing system fees and increased professional fees to prepare the Distribution System Plan.

  - Sioux Lookout Hydro will continue to seek ways to become more efficient in its operations in order to reduce operating costs. We have found sharing services among the other Northwest LDCs allows us to achieve savings and will continue to seek ways to partner together in order to reduce costs.
• **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 divided by the kilometers of line that Sioux Lookout Hydro operates to serve its customers. The calculated cost of Km of line for 2016 increased by $371 over 2015. The reasons for the increase are the same as for the cost per customer.
  
  - Sioux Lookout Hydro will continue to seek ways to become more efficient in its operations in order to reduce operating costs. We have found sharing services among the other Northwest LDCs allows us to achieve savings and will continue to seek ways to partner together in order to reduce costs.

### Conservation & Demand Management

#### Net Cumulative Energy Savings
The Net Cumulative Energy Savings achieved for the second year of the 2015-2020 Conservation First Framework is 27.84%. Sioux Lookout’s Target for the second year was 25.05%. Therefore we are ahead of our expected savings. Sioux Lookout Hydro will continue to promote the conservation programs available in our area in order to achieve our target of 3,700 MWh by 2020.

### 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 receiving the authorization from the Electrical Safety Authority. Sioux Lookout Hydro has not had any requests to connect generation projects over 10 kW to date.

#### New Micro-embedded Generation Facilities Connected On Time
In 2016 Sioux Lookout Hydro did not have any requests to connect micro-embedded generation facilities.

### 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.
Sioux Lookout Hydro’s liquidity is currently at .93, which is very close to the expected 1.0. The figure has declined, in part, due to negative variance rate riders which require us to return funds to customers in the form of a credit on their bill for over-collected charges. Sioux Lookout Hydro pays to other government agencies and that are passed through the utility. It is Sioux Lookout Hydro’s practice to fund capital investments with short term funds (i.e. cash) rather than incur debt which would lead to increased interest payments to its customers. Sioux Lookout Hydro continually monitors its short term assets to ensure that all of its short term obligations are met.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**
  Sioux Lookout Hydro’s debt to equity ratio has been decreasing over the last 5 years, from 0.80 in 2012 to 0.51 in 2016. The current OEB deemed debt to equity ratio is 1.5. The decline is a result of the company paying down its long term debt and not requiring any new debt. The company has not incurred any new long term debt since 2009 when the company procured its smart meters. All of Sioux Lookout Hydro’s other capital projects have been self-funded. As mentioned above Sioux Lookout Hydro currently funds capital investments through its short term funds.

  It is expected that once the Distribution System Plan is implemented, Sioux Lookout Hydro will require additional long term debt to finance the replacement of key equipment over the next few years. This will increase the debt to equity ratio somewhat.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**
  The 8.98% deemed rate of return was established during Sioux Lookout Hydro’s last cost of service rate application for 2013 rates in decision EB-2012-0165. The deemed rate of return is adjusted by the Ontario Energy Board (OEB) each time the utility submits a cost of service rate application. 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**
  In 2016, Sioux Lookout Hydro under-achieved the deemed return on equity by 3.82%. This is outside +/- 3% allowed by the OEB. The main drivers for this are an increase to OM&A expenses due to things such as vehicle maintenance, consulting fees to prepare the Distribution System Plan, retroactive billing system increases, increased tree trimming expenses. Along with this, Sioux Lookout Hydro’s distribution revenue did not increase as expected due to lower than forecasted energy consumption.
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.