

Scorecard - Entegrus Powerlines Inc.

Performance Outcomes	Performance Categories	Measures	2013	2014	2015	2016	2017	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	97.00%	98.80%	99.50%	98.80%	98.48%	↑	90.00%		
		Scheduled Appointments Met On Time	99.40%	98.00%	94.00%	97.80%	99.38%	↓	90.00%		
		Telephone Calls Answered On Time	77.40%	72.70%	81.30%	68.70%	75.60%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution		76%	78	79.3	81				
		Billing Accuracy		99.73%	99.78%	99.84%	99.88%	↑	98.00%		
		Customer Satisfaction Survey Results		92%	91	83.0	94				
<b>Operational Effectiveness</b>  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%	83.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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 <sup>2</sup>	1.23	1.31	1.18	0.51	1.72	↑		1.16	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.94	0.84	0.87	0.41	1.07	↓		0.87	
	Asset Management	Distribution System Plan Implementation Progress		80%	100	22	44				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer <sup>3</sup>	\$531	\$533	\$549	\$567	\$555				
Total Cost per Km of Line <sup>3</sup>		\$22,407	\$22,585	\$23,395	\$24,291	\$23,124					
<b>Public Policy Responsiveness</b>  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 <sup>4</sup>			67.85%	99.03%	95.92%			76.83 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.16	1.61	1.69	1.67	1.36				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.22	1.44	1.40	1.44	1.33				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.19%	9.19%			
			Achieved	7.61%	10.20%	9.92%	7.46%	7.64%			

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 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

## 2017 Scorecard Management Discussion and Analysis (“2017 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 2017 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

Entegrus Powerlines Inc. (“EPI”) owns, operates and manages the assets associated with the distribution of electrical power to approximately 41,000 customers in 16 Southwestern Ontario communities. The roots of EPI extend back to the formation of Chatham Hydro in 1914.

The communities serviced by EPI in 2017 are: Blenheim, Bothwell, Chatham (including a portion of the Township of Raleigh known as the “Bloomfield Business Park”), Dresden, Dutton, Erieau, Merlin, Mount Brydges, Newbury, Parkhill, Ridgetown, Strathroy, Thamesville, Tilbury, Wallaceburg and Wheatley. Additional details are provided in the EPI Electricity Distribution Licence (ED-2002-0563).

EPI monitors the scorecard measures on an ongoing basis and continuously seeks opportunities to improve its performance. The company is committed to meeting the needs of its customers both today and in the future. EPI is confident that its focus on customer outcomes will allow it to continue to meet or exceed performance targets.

EPI is committed to continuous year over year performance improvement for 2018 and beyond.

On April 1, 2018, EPI amalgamated with St. Thomas Energy Inc. (“STEI”), a licensed electricity distributor operating within the City of St. Thomas. The merged electricity distributor continues as EPI. The scorecard results discussed herein relate to 2017, prior to the merger.

### Service Quality

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

In 2017, EPI connected 98.48% of approximately 789 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”). This result was achieved despite an increase in new residential and small business connections requested in 2017. For the five-year period from 2013 to 2017, EPI has consistently performed better than the industry target of 90% in this area.

- **Scheduled Appointments Met on Time**

EPI scheduled approximately 3,100 appointments in 2017 to complete work requested by customers (where customer presence is required). EPI met 99.38% of these appointments on time, an increase from the 2016 result of 97.80%. For the five-year period from 2013 to 2017, EPI has consistently performed better than the industry target of 90% in this area.

- **Telephone Calls Answered on Time**

In 2017, EPI Customer Service agents received approximately 53,108 calls from its customers – over 212 calls per working day. In 75.6% of instances, an EPI agent answered the call within 30 seconds or less. This result exceeds the OEB-mandated 65% target for timely call response.

EPI staffs its Customer Service Call Centre to meet the 65% target, without significantly exceeding it, in order to balance the need to prudently deploy resources in all areas of the business. For the five-year period from 2013 to 2017, EPI has consistently performed better than the industry target of 65% in this area.

## Customer Satisfaction

- **First Contact Resolution**

Prior to 2014, specific customer satisfaction measurements were not defined across the industry. In 2014, the OEB instructed all electricity distributors to review and develop measurements in these areas and begin tracking so that the results could be reported on the 2014 Scorecard. Currently, each electricity distributor is permitted to have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

First Contact Resolution (“FCR”) traditionally represents a percentage of instances where a customer’s need is addressed at the time of their first point of contact on the matter. However, FCR can be measured in a variety of ways and further regulatory guidance will be necessary in order to achieve meaningful, consistent and comparable information across electricity distributors.

EPI believes that best practice is to measure FCR based on ongoing third-party surveys of a random sample of those customers who have recently contacted EPI. Accordingly, starting in 2014, EPI’s FCR has been measured based on live agent transactional phone surveys conducted by a third-party service provider. To facilitate these surveys, throughout the year, EPI provides the third-party service provider with a report of all customers who had contacted EPI Customer Service by telephone within the previous two weeks.

The third-party service provider’s telephone agents, in turn, contact and survey EPI customers. Customers are asked to rate various facets of their customer experience and are also asked if their issue (i.e. their reason for calling) was resolved on their first contact to EPI. In 2017, of the 404 customers surveyed, 327 customers indicated that their issue was resolved on the first call to EPI. This equates to the reported FCR figure of 81.0%.

EPI has steadily improved its FCR results by implementing recommendations from the service provider. Accordingly, EPI has continued to engage the third-party service provider to assist with ongoing FCR measurement and customer service strategy improvements on specific issue types.

- **Billing Accuracy**

Prior to 2014, a specific measurement of billing accuracy had not been defined across the industry. In 2014, the OEB instructed all electricity distributors to begin tracking a prescribed billing accuracy measure so that the results could be reported on the 2014 Scorecard.

In 2017, EPI issued 496,209 bills and achieved a billing accuracy of 99.88%. This compares favourably to the prescribed OEB target of 98%.

EPI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

Similar to the FCR measure described above, the OEB introduced the Customer Satisfaction Survey Results measure beginning in 2014. At a minimum, electricity distributors are required to measure and report a customer satisfaction result every other year. At this time, the OEB is allowing electricity distributors the discretion as to how this measure is implemented. Starting in 2014, EPI engaged a third-party service provider to conduct annual (rather than bi-annual) Customer Satisfaction surveys.

In 2017, the third-party service provider conducted a random telephone survey for the period September 25, 2017 to October 4, 2017, the service provider agents contacted a random sample of 500 complete Residential surveys and 100 complete Small Commercial surveys. Of this sample, 8 customers were unable to respond to the question. Accordingly, the denominator of the calculation was 592. The survey asks customers questions on a wide range of topics, including: overall satisfaction with EPI, reliability, customer service, outages, billing and corporate image.

Customer Satisfaction survey results increased from 83% in 2016 to 94% in 2017. The increase is attributable in part due to the customer bill reductions resulting from the introduction of the Ontario Fair Hydro Plan, as well as the following EPI process improvements: (a) enhanced customer communication to drive awareness of consumption management tools, (b) additional billing literacy materials and videos on the website, (c) enhanced marketing of self-service tools on the website, (d) additional industrial customer power quality and reliability reviews, and (e) increased differentiation on the website between business and residential customers.

Customer Satisfaction is a key area of focus for EPI. Accordingly, EPI will continue to measure Customer Satisfaction annually, as opposed to the regulatory requirement to measure it every other year.

## Safety

- **Public Safety**

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

In 2015, in consultation with the Electrical Safety Authority (“ESA”), the OEB introduced this new public awareness survey measure. The survey is based upon a representative sample of each electrical distributor’s service territory population and gauges awareness levels of key electrical safety concepts related to distribution assets. The survey provides a benchmark of levels of awareness including identifying gaps where additional education and awareness efforts may be required. In accordance with OEB requirements, the survey is conducted every other year. Accordingly, the survey results described below for 2017 will also be applicable for 2018.

EPI engaged a third-party service provider to conduct stratified random telephone surveys of 402 Ontario residents, ages 18 or older, currently residing in the EPI service territory during the period from March 6, 2018 and March 20, 2018. The survey asked residents electrical safety questions and then an overall index score was calculated in accordance with a prescribed algorithm. Public Awareness of Electrical Safety results increased from 82% in 2016 to 83% in 2017.

EPI conducted another public safety awareness campaign in the spring of 2018 utilizing local media and digital website content. Further, EPI continues to conduct: safety awareness through its ongoing work with the Chatham-Kent Children’s Safety Village and the MySafeWork program, safety awareness briefings with first responders and visits to grade school classrooms to review electrical safety.

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

Since 2012, EPI has been found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by EPI’s strong commitment to safety, and adherence to company procedures & policies. 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. The regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service. EPI is audited annually for compliance.

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

This is measured as the number of non-occupational (general public) serious electrical incidents occurring on EPI’s distribution system expressed as a raw number and as the number per 100 km of line. EPI had no such incidents in 2013-2017 and will continue to make this an area of focus.

## System Reliability

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

For this measure, the OEB establishes baseline targets based on the average of the distributor's performance for the period 2010 – 2014 (the baseline period is updated every 5 years). EPI's 2017 result of 1.72 is above the target of 1.16. This result is due to significant storm activity in the first quarter of 2017, as well as enhancements to EPI's outage reporting systems.

EPI continues to view reliability of electricity service as a high priority. In 2015, EPI finalized a Distribution System Plan ("DSP") that adopts a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability. As further discussed below, EPI made substantial progress on its DSP implementation in 2017.

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

For this measure, the OEB establishes baseline targets calculated as the average of the distributor's performance for the period 2010 – 2014 (the baseline period is updated every 5 years). EPI's 2017 result of 1.07 is above the target of 0.87. This result is due to significant storm activity in the first quarter of 2017, as well as enhancements to EPI's outage reporting systems.

EPI continues to view reliability of electricity service as a high priority. In 2015, EPI finalized a DSP that adopts a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability. As further discussed below, EPI made substantial progress on its DSP implementation in 2017.

## Asset Management

- **Distribution System Plan Implementation Progress**

EPI's Distribution System Plan ("DSP") design document was completed in 2015 and accepted by the OEB in 2016.

EPI reports this metric based on percentage of actual life-to-date capital expenditures divided by the total DSP (5 year) capital expenditures. The EPI 2017 life-to-date actual capital expenditures were \$16.8M (the numerator). The total DSP (5 year) capital expenditures were \$38.4M (the denominator). This numerator and denominator equate to the reported DSP Implementation Progress figure of 44%.

In 2017, the implementation focus of the DSP was on continued distribution system renewal, voltage conversions of sections of the system from 4.16 kV to 27.6 KV and deployment of smart grid technologies. System access requests were higher than anticipated, which drove incremental capital expenditures in 2017.

## Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated based on econometric modeling conducted by a consultant (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 over the past three years.

In 2017, EPI's actual costs for 2014-2017 were 16.9% lower than the costs predicted by the OEB's consultant. For the sixth year in a row, EPI was placed in Group 2, where a Group 2 distributor is defined as having actual costs which are 10% to 25% lower than the costs predicted for the distributor. Group 2 is considered as "more efficient". In 2017, EPI ranked 12<sup>th</sup> out of 65 distributors in terms of cost performance results versus benchmark.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of EPI's capital and operating costs, divided by the total number of customers that EPI serves. EPI's cost performance result for 2017 is \$555 per customer, which represents a 2.1% decrease over 2016.

- **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 EPI operates to serve its customers. EPI's 2017 rate is \$23,124 per KM of line, a 4.8% decrease over 2016.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

The province launched a new Conservation First Framework ("CFF") on January 1, 2016 for the period 2016-2020. EPI's original allocated target was 56.8 GWh, which EPI achieved in the first year of the framework (2016). Subsequently, EPI entered into a target exchange in December 2017 with another distributor to acquire an additional target of 20 GWh, along with additional conservation funding for its customers. Accordingly, EPI's updated target for 2016-2020 Net Cumulative Energy Savings (kWh) is 76.8 GWh.

In 2017, EPI combined its conservation plan with STEI and another distributor in the region to create an overall plan for the three distributors.

Life-to-date at December 31, 2017, EPI has achieved 95.92% of the amended Net Cumulative Energy Savings target. EPI continues to focus on the conservation needs of all its customers. EPI assists medium to large commercial/industrial customers by engaging them on energy efficient opportunities and offering thorough support throughout the application process. In addition, EPI continues to offer programs dedicated to the residential and small general service customers, such as the Instant Savings program, Small Business Lighting and Business Refrigeration Incentive to ensure all customer classes are afforded energy efficient program opportunities.

## 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 for a proposal to connect a mid-sized generation facility or 90 days of the receipt of an application to connect a large embedded generation facility.

In 2017, EPI received 2 requests for CIAs and all were completed within the prescribed time limit. The completion of CIAs requires a significant amount of coordination with the developer and other third parties involved in the process. Since 2014, EPI has successfully completed all CIA's within the prescribed time limit.

- **New Micro-Embedded Generation Facilities Connected on Time**

Electricity distributors are required to connect an applicant's micro-embedded generation facility (i.e. MicroFIT projects of less than 10kW) to its distribution system within five business days of the applicant informing the distributor that it has satisfied all applicable service conditions, received all necessary approvals and provided the distributor with a copy of the authorization to connect from the ESA. The minimum acceptable performance level for this measure is 90%.

Due to certain transmission capacity constraints in its service territory, EPI receives a limited number of such requests. In 2017, EPI connected all 15 new micro-embedded generation facilities within the prescribed time frame of five business days. EPI works closely with its customers and their contractors to address any connection issues to ensure the project is connected on time.

## Financial Ratios

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

Liquidity is calculated by dividing Current Assets by Current Liabilities. This ratio is also known as Working Capital Ratio and measures an entity's ability to pay short-term financial obligations. As an indicator of financial health, a Liquidity Ratio of 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.

EPI's current ratio decreased from 1.67 in 2016 to 1.36 in 2017. EPI's goal is to maintain a Liquidity Ratio of more than 1.00. As noted above, this means that the entity has resources available in the short term to meet its short-term financial obligations.

- **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.

As demonstrated by its 2017 Leverage Ratio of 1.33, EPI continues to maintain a debt to equity structure that closely approximates the deemed 60% to 40% capital mix as set out by the OEB. EPI's strong financial position is further supported by the recent Standard & Poor's Rating Services rating of "A/Stable/--" for Entegrus Inc., the parent company of EPI.

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

EPI's 2017 distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.19%. 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**

EPI's achieved a 2017 Regulatory Return on Equity ("ROE") of 7.64%, which is within the +/-3% range of Deemed ROE allowed by the OEB. This result represents an increase from the 2016 Regulatory ROE of 7.46%.

## Note to Readers of 2017 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.