Scorecard - Grimsby Power Incorporated

9/29/2019

Performance Outcomes	Performance Categories	Measures		2014	2015	2016	2017	2018	Trend	Target: Industry	Target: 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		97.70%	98.30%	98.60%	98.02%	96.71%	↓	90.00%	
		Scheduled Appointments Met On Time		93.90%	94.10%	100.00%	100.00%	99.53%	↑	90.00%	
		Telephone Calls Answered On Time		69.30%	65.30%	70.00%	75.37%	88.54%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution		99.79%	99.93%	99.94%	99.97%	99.93%			
		Billing Accuracy		99.98%	99.97%	99.98%	99.96%	99.87%	↓	98.00%	
		Customer Satisfaction Survey Results		92.00%	92%	75.4%	75.40	78.8%			
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%	82.60%	82.60%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	NI	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]		0.73	0.37	0.55	1.20	1.73	↓		1.36
		Average Number of Times that Power to a Customer is Interrupted [2]		0.52	0.16	0.69	0.99	1.17	↓		1.07
	Asset Management	Distribution System Plan Implementation Progress		76.90%	84.00%	88.73%	64.83	86.64%			
	Cost Control	Efficiency Assessment		2	2	2	2	2			
		Total Cost per Customer [3]		$554	$575	$611	$559	$584			
		Total Cost per Km of Line [3]		$24,953	$26,284	$27,753	$9,383	$9,793			
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]			25.85%	48.69%	74.26%	85.00%			10.85 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%	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)		0.76	0.71	0.60	1.07	1.09			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.27	1.73	1.60	1.44	1.46			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.42%	9.19%	9.19%	9.19%			
			Achieved	5.89%	2.01%	2.39%	10.92%	8.45%			

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 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend:

5-year trend
↑ up ↓ down → flat

Current year
target met target not met

2018 Scorecard Management Discussion and Analysis ("2018 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

Scorecard MD&A - General Overview

Grimsby Power Incorporated ("Grimsby Power") is committed to providing the residents and businesses of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. Grimsby Power continues to strive to meet distributor and Ontario Energy Board (OEB) targets in customer focus, operational effectiveness, public policy responsiveness and financial performance.

Service Quality

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

In 2018, there were 243 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) added to Grimsby Power's distribution system. Low-voltage customers must be connected within a five-day timeline prescribed by the Ontario Energy Board. Grimsby Power connected 96.71% (235 out of 243) of customers within the prescribed time frame. Grimsby Power contributes the continued high rating in this category due to an emphasis on customer service.

- **Scheduled Appointments Met On Time**

Grimsby Power met 99.53% of its scheduled appointments with customers in 2018. The appointments included cut and reconnects (upgrades to customer owned equipment) and any other related work requested by customers or their representative. Grimsby Power has consistently exceeded the industry target of 90%.

- **Telephone Calls Answered On Time**

The number of calls answered on time continues to be a customer service focus for Grimsby Power. In 2018 customer service representatives received over 7,200 calls from customers. A representative answered a call within 30 seconds just over 88.5% of the time. This result surpasses the Ontario Energy Board target of 65% for timely call response and is a 13% increase in performance from 2017. Since 2015 there has been a downward trend in the number of phone calls received. Grimsby Power customers are increasingly using other forms of communication including email and the use of the Grimsby Power website.

Communication by phone remains a consistent means for responding to complex enquires related to electricity prices, energy use monitoring, e-billing, conservation and low income programs.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been defined across the industry. The Ontario Energy Board (OEB) had instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas 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. First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

For Grimsby Power, the First Contact Resolution measure is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives for the period January 1, 2018 to December 31, 2018. From January 1st to December 31st just over 7,200 calls were received and only five of those calls required the attention of management. This meant that 99.93% of customer related issues could be resolved by our customer service representatives. Continued focus on customer service and continued awareness of customer needs through customer satisfaction surveys empowers our human resources to have continued success in first contact resolution.

- **Billing Accuracy**

Until July 2014 a specific measurement of billing accuracy had not been previously defined across the industry. After consultation with some electricity distributors, the Ontario Energy Board (OEB) has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2014.

For the period from January 1, 2018 – December 31, 2018 Grimsby Power issued 139,034 bills and achieved a billing accuracy of 99.87%. This compares favorably to the prescribed OEB target of 98%.

Grimsby Power continues to strive for excellence in billing accuracy results and continues its ongoing effort to recognize any issues that may arise and identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. In 2016 Grimsby Power began utilizing standard questions and methodologies developed by the Innovative Research Group.

In 2018, Grimsby Power engaged a third party to conduct a customer satisfaction survey. This customer satisfaction survey provided information that supports discussions around improving customer service within all departments and levels at Grimsby Power. The survey asks customers questions on a wide range of topics, including: overall satisfaction with Grimsby Power, reliability and power quality, customer service, and billing and payment. The result of the survey was an overall customer satisfaction index of 78.8%. An increase of 3.4% compared to the last survey.

This year's survey showed the most improvement in overall satisfaction and billing and payment. There were also improvements in the score relating to the reasonableness of the amount of money that Grimsby Power retains from the bill and reliability and power quality.

While the customer satisfaction index went up there are still areas that could be improved including the price of the bill, the number of outages,

communication during outages and social media presence. Grimsby Power continues to invest in capital projects that reduce the number of outages and the duration of the outage. We are renewing our website and recently gained a presence on twitter.

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced this 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.

o Component A – Public Awareness of Electrical Safety

In 2017 Grimsby Power engaged a third party to launch the new public awareness survey among a representative sample of the Town's population. The survey gauges the awareness level of key electrical safety concepts related to distribution assets and was based on a template survey provided by the Electrical Safety Authority (ESA). Grimsby Power's Public Safety Awareness Score in 2017 was 82.6%. This is a slight increase from the 2015 survey result of 82%.

o Component B – Compliance with Ontario Regulation 22/04

Since 2010 Grimsby Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety which includes adherence to design standards and GPI's construction verification program which ensures that the construction work matches the design standards. 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. In 2015 Grimsby Power received a "Needs Improvement" (NI) rating. Grimsby Power corrected the identified issue and remained committed to safety and compliance with all applicable regulations. In 2018 Grimsby Power again received a rating of "Compliant" (C).

o Component C – Serious Electrical Incident Index

This index measures the number of serious electrical incidents involving the general public. A serious electrical incident has the following meaning:

a) any electrical contact that caused death or critical injury to a person,

b) any inadvertent contact with any part of a distribution system operating at 750 volts or above or with a meter, if the contact caused or had the potential to cause death or critical injury to a person, but not if the contact was caused by force majeure, or

c) any fire or explosion in any part of a distribution system operating at 750 volts or above or in a meter, if the fire or explosion, as the case may be, caused or had the potential to cause death or critical injury to a person, but not if it was caused by force majeure.

Grimsby Power has not had any serious electrical incidents involving the general public.

System Reliability

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

This measure represents the average number of hours a Grimsby Power customer had interrupted power. Grimsby Power's current five year target for the average number of hours of power interruption is 1.36. The target is based on an average of scores from 2011 to 2015.

In 2018 the number of hours of interrupted power increased by 0.53 hours. In 2018 the average length of a power interruption per customer was 1.73 hours for Grimsby Power customers. The increase in the length of an outage in 2018 was mainly due to outages caused by adverse weather and unknown causes. Adverse weather conditions include outages resulting from rain, snow, winds, and extreme temperatures, freezing rain or other extreme weather conditions. In achieving 1.73 Grimsby Power did not meet the distributor target of 1.36.

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

This measure represents the average number of times that power to a customer was interrupted. Grimsby Power's current five year target for the average number of times power was interrupted is 1.07. The target is based on an average of scores from 2011 to 2015.

In 2018 the power was interrupted 1.17 times on average. This means that on average customers had approximately one power interruption during the year. This is above the 5-year rolling average of 1.07. The increase in the frequency of power interruptions in 2018 of 0.18, from 0.99 to 1.17, was mainly due to adverse weather.

Grimsby Power remains committed to focusing on system reliability through planned maintenance and capital investments in infrastructure. Grimsby Power is currently investing in faulted circuit indicators that integrate with a supervisory control and data acquisition (SCADA) system to increase monitoring capabilities and replacing manually operated switches with automated switches. These two investments will help reduce the duration of power interruptions.

Asset Management

- **Distribution System Plan Implementation Progress**

Grimsby Power submitted a Distribution System Plan (DSP) with its 2016 Cost of Service Application. The consolidated five year Distribution System Plan (DSP) submitted with the application began in 2016. The DSP serves to outline how Grimsby Power will develop, manage and maintain its distribution system equipment to provide a safe, reliable, efficient and cost effective distribution system. The percentage of Grimsby Power's distribution system plan progress for 2018 was 86.64%. This percentage was determined using a weighted completion percentage.

The distribution plan progress is in line with previous years.

Cost Control

- **Efficiency Assessment**

The relative efficiency of LDC's is evaluated annually by the Pacific Economics Group LLC (PEG) for the OEB. This evaluation is part of the OEB's rate setting parameters and benchmarking under the renewed regulatory framework for Ontario's electricity distributors. Each LDC is ranked by a "stretch factor" into five different groups which reflect the potential for incremental productivity gains in each LDC. In 2018, for the eighth year in a row, Grimsby Power was placed in Group 2. A Group 2 distributor is defined as a distributor with actual costs 10 to 25 percent below predicted costs on average over three years. On average from 2016 to 2018 Grimsby Power was 21.8% below average. A Group 2 utility is considered "more efficient". In other words, Grimsby Power's continued focus on reasonable costs has made the LDC more cost effective.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Grimsby Power's capital and operating costs and dividing this cost by the total number of customers that Grimsby Power serves. The cost performance result for 2018 is $584/customer. This is a $30 increase over five years and a $25 increase from 2017. In 2018 Grimsby Power's capital and operating costs were slightly higher than the previous year.

Grimsby Power remained consistent in providing an equitable cost per customer over the past five years. Grimsby Power will continue to replace distribution assets proactively and in conjunction with its Distribution System Plan in a manner that evaluates risks and impacts on customer rates.

- **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 Grimsby Power operates to serve its customers. Grimsby Power's 2018 rate is $9,793 per Km of line. This is a slight increase compared to 2017 but a significant decrease (36%) over the previous five years due to the inclusion of secondary lines in Grimsby Power reporting. Grimsby Power continues to see low growth in its total kilometers of lines and an increased growth in capital additions due to an increase in residential subdivision development relative to past years. Typically these developments "lie along" existing distribution lines and this keeps the total kilometers of line low whereas the density of the customer base increases.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

Grimsby Power is pleased to have achieved over 85% of its total plan target after four years in the Conservation First Framework. Grimsby Power was allocated a total plan target of 10,850,000 kWhs. This amount of energy savings was to be achieved from 2015 to 2020. Due to a directive from the Ministry of Energy Northern Development and Mines effective April 1, 2019 the IESO will be responsible for conservation programs.

Our successful achievement was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

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 if there is no distribution system reinforcement or expansion required and within 90 days if there is distribution system reinforcement or expansion required. Grimsby Power completed all CIA's within the prescribed time frame.

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

In 2018, Grimsby Power connected two new micro-embedded generation facilities (microFIT projects of less than 10 kW). The connections were completed within the prescribed time frame of five business days 100% of the time. The minimum acceptable performance level for this measure is 90% of the time.

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.

Grimsby Power's current ratio has increased from 0.60 in 2016 to 1.09 in 2018. The increase in the liquidity ratio was due to a significant decrease in current liabilities. A ratio of 1.09 is indicative of a financially healthy organization and Grimsby Power intends on remaining within a healthy range.

- **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 debt to equity ratio that is higher than 1.5 may indicate that an electricity distributor could 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. Grimsby Power continues to move towards a debt to equity structure that closely matches the deemed 60% to 40% capital mix. In 2018 Grimsby Power moved only slightly closer to the above the 60/40 split by moving its total debt to equity ratio from 1.44 in 2017 to 1.46 in 2018. The current 1.46 debt to equity ratio represents approximately 59% debt and 41% equity.

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

Grimsby Power's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.19%. This deemed rate was determined through the rate application process in 2016 (EB-2015-0072). The OEB monitors the achieved regulatory return on equity and if an LDC achieves +/- 3% of their deemed regulatory return on equity the OEB may make further inquiries with distributors.

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

Grimsby Power's achieved regulated return in 2018 was 8.45%, which is within the OEB range of +/-3% of 9.19%. The achieved regulatory return is lower than the deemed ROE due to higher operation expenses than the 2016 approved OM&A covered in distribution rates.

Note to Readers of 2018 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.