Scorecard - West Coast Huron Energy Inc.

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		100.00%	100.00%	100.00%	100.00%	100.00%	flat	90.00%	
		Scheduled Appointments Met On Time		100.00%	100.00%	97.70%	98.46%	100.00%	down	90.00%	
		Telephone Calls Answered On Time		98.30%	98.20%	98.50%	98.49%	98.84%	up	65.00%	
	Customer Satisfaction	First Contact Resolution		97%	98	99	99	99			
		Billing Accuracy		99.88%	72.09%	99.81%	99.75%	99.84%	up	98.00%	
		Customer Satisfaction Survey Results			76	77	77	77			
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%	84.00%	84.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	flat		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	flat		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	flat		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.24	0.19	0.15	0.23	0.13	down		10.74
		Average Number of Times that Power to a Customer is Interrupted [2]		0.19	0.43	0.06	0.47	0.18	down		0.63
	Asset Management	Distribution System Plan Implementation Progress		67%	74	82	68	87			
	Cost Control	Efficiency Assessment		5	5	5	5	5			
		Total Cost per Customer [3]		$784	$820	$848	$788	$825			
		Total Cost per Km of Line [3]		$48,824	$51,251	$53,239	$50,054	$52,357			
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]			5.43%	31.11%	47.36%	59.00%			8.08 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%				90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.93	1.05	0.93	0.80	0.84			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.89	0.91	0.92	0.92	0.88			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	14.84%	6.91%	4.40%	6.00%	6.46%			

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

Scorecard - West Coast Huron Energy Inc.

8/19/2019

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	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	100.00%	100.00%	97.70%	98.46%	100.00%	⇩	90.00%	
		Telephone Calls Answered On Time	98.30%	98.20%	98.50%	98.49%	98.84%	⇧	65.00%	
	Customer Satisfaction	First Contact Resolution	97%	98	99	99	99			
		Billing Accuracy	99.88%	72.09%	99.81%	99.75%	99.84%	⇧	98.00%	
		Customer Satisfaction Survey Results		76	77	77	77			
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%	84.00%	84.00%			
		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
		Serious Electrical Incident Index — 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]	0.24	0.19	0.15	0.23	0.13	⇩		10.74
		Average Number of Times that Power to a Customer is Interrupted [2]	0.19	0.43	0.06	0.47	0.18	⇩		0.63
	Asset Management	Distribution System Plan Implementation Progress	67%	74	82	68	87			
	Cost Control	Efficiency Assessment	5	5	5	5	5			
		Total Cost per Customer [3]	$784	$820	$848	$788	$825			
		Total Cost per Km of Line [3]	$48,824	$51,251	$53,239	$50,054	$52,357			
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]		5.43%	31.11%	47.36%	59.00%			8.08 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%				90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.93	1.05	0.93	0.80	0.84			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.89	0.91	0.92	0.92	0.88			
		Profitability: Regulatory Return on Equity — Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
		Profitability: Regulatory Return on Equity — Achieved	14.84%	6.91%	4.40%	6.00%	6.46%			

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

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

- In 2018 West Coast Huron Energy Inc. met all of the Ministry performance targets. These will be discussed throughout this analysis.
- On January 23rd, 2018, West Coast Huron Energy and Erie Thames Powerlines submitted a Merger Amalgamation Acquisition and Divestiture (MAAD) application to the Ontario Energy Board to merge utility companies. Erie Thames Powerlines and West Coast Huron Energy have been working together for more than 15 years so joining forces to better serve West Coast Huron Energy customers made good business sense. On December 20th, 2018 the Ontario Energy Board issued their Decision and Order approving the merger of the two companies to become ERTH Power Corporation.

Service Quality

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

In 2018, West Coast Huron Energy Inc. connected 75 low voltage (connections under 750 volts) residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This represents a slight increase of 4 new connections compared to 2017. West Coast Huron Energy Inc. considers "New Services Connected on Time" as an important form of customer engagement as it was our first opportunity to meet and/or exceed the customer's expectations, which in turn affects the level of customer satisfaction. Consistent with prior years, West Coast Huron Energy Inc. connected 100% of these customers on time, which significantly exceeds the Ontario Energy Board's mandated target of 90% for this measure.

- **Scheduled Appointments Met On Time**

West Coast Huron Energy Inc. scheduled 164 appointments in 2018 to connect services, disconnect services or otherwise complete work requested by its customers. This represents a decrease of 28 scheduled appointments over 2017. West Coast Huron Energy Inc. still surpassed the Ministry's target of 90% with a score of 100% which is a slight increase from 2017 at 98.46%. West Coast Huron Energy Inc. considers "Scheduled Appointments met" as an important form of customer engagement and satisfaction as we recognized that your time is as valuable as ours.

- **Telephone Calls Answered On Time**

In 2018 West Coast Huron Energy Inc. received a total of 3,092 calls from its customers. Despite the significant drop in calls, compared to 3,310 calls in 2017, there was little difference regarding our overall score. Consistent with prior years, our customer service representatives answered 98.84% of these calls within 30 seconds or less, which significantly exceeds the Ontario Energy Board's mandated target of 65% for this measure. There are more and more customers preferring contact by email and as such, fewer phone calls are received than previous years. West Coast Huron Energy Inc. believes customer service is extremely important and as such has ensured phone calls were answered within the Ontario Energy Board's 30 second requirement.

Customer Satisfaction

- **First Contact Resolution**

Since this measure first came into practice 5 years ago, West Coast Huron Energy Inc. had increased its performance each year, starting at 97% and have maintained 99% for the last 3 years. The Ontario Energy Board has not yet issued a common definition for this measure but it is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province.

West Coast Huron Energy Inc. defined 'First Contact Resolution" as the number of customer inquiries that are resolved by the first contact at the utility. This included all customer inquiries that are made to a customer service representative whether by telephone, letter, email or in person. West Coast Huron Energy Inc. considered the ability to address customer inquiries quickly and accurately to be an essential component of customer satisfaction. For the year 2018, West Coast Huron Energy Inc. received 3663 inquiries from its customers, of which 99% were successfully resolved during first contact.

- **Billing Accuracy**

Billing Accuracy was introduced to the scorecard by the Ontario Energy Board in late 2014. Billing Accuracy is derived from calculating the percentage of accurate bills issued in a year. West Coast Huron Energy Inc. considered timely and accurate billing to be an essential component of customer satisfaction. In 2018, 47,726 bills were issued with 99.84% being accurate. Our scorecard exceeds the Ontario Energy Board's standard of 98%.

- **Customer Satisfaction Survey Results**

Customer Satisfaction is the last measure in the Performance Category on the scorecard. The Ontario Energy Board has not yet issued a common definition of this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the Province. Surveys need to be completed every other year. In 2016, West Coast Huron Energy Inc. contracted RedHead Media to conduct the Ontario Energy Board regulated Customer Satisfaction Survey and scored a 77.2% satisfaction rate during a time

when the media was showcasing unhappy disconnected customers with extremely high bills.

Due to the MAAD application that was submitted to the Ontario Energy Board to merge companies, a new survey was not conducted in 2018. The score shown on the 2018 scorecard has been carried over from the last survey.

Safety

- **Public Safety**

Public Safety is a new scorecard measure introduced by the Ontario Energy Board for the 2014 scorecard. The Public Safety measure is generated by the Electrical Safety Authority and is comprised of the three components listed below.

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

Component A consists of a new statistical survey that measures the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. It is to be completed every other year. West Coast Huron Energy Inc. had customers complete the survey in 2017 and received a score of 84% This telephone survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required.

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

Component B consists of a utility's compliance with Ontario Regulation 22/04 – Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Over the past five years, West Coast Huron Energy Inc. was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety and the adherence to company procedures and policies

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

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. In 2017, West Coast Huron Energy Inc. had zero fatalities and zero serious incidents within its territory. This trend continued in 2018 as everyone's safety is a primary concern.

System Reliability

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

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required functions. West Coast Huron Energy Inc. viewed reliability of electrical service as a high priority for its customers and constantly monitored the system for signs of reliability degradation. West Coast Huron Energy Inc. also regularly maintained its distribution system to ensure its level of reliability is kept as high as possible. The Ontario Energy Board typically requires a utility to keep its hours of interruption within the range of its historical performance however, outside factors such as severe weather, defective equipment or even regularly scheduled maintenance can greatly impact this measure.

In 2018 West Coast Huron Energy Inc. achieved 0.13 hours of interrupted power. This is a decrease over 2017's score of 0.23 hours interrupted. Save and except for the tornado in 2011, when the score for interrupted power was 3.56, West Coast Huron Energy Inc.'s average score for interrupted power in the last 5 years is 0.188 hours. Our 2018 low score, and overall low average, is a reflection of how West Coast Huron Energy Inc. has built, and ERTH Power will continue to ensure, a reliable distribution system.

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

The average number of times that power to a customer is interrupted is also a measure of system reliability and was also a high priority for West Coast Huron Energy Inc. As outlined above, the Ontario Energy Board also typically requires a utility to keep this measure within the range of its historical performance and outside factors can also greatly impact this measure. West Coast Huron Energy Inc. experienced interrupted power 0.18 times during 2018. This is within West Coast Huron Energy Inc.'s average of 0.26 over the previous 5 years. West Coast Huron Energy Inc. worked hard to keep its system reliable which meant less customer service interruptions.

Asset Management

- **Distribution System Plan Implementation Progress**

Distribution System Plan Implementation Progress is a new performance measure instituted by the Ontario Energy Board in 2013. As such, there is no defined target requirements to be met. The Distribution System Plan is to outline a company's forecasted capital expenditures over the next five years, which are required to maintain and expand the utility's electricity system to service its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess a company's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

West Coast Huron Energy Inc. defined this measure as the tracking of actual dollars spent on capital projects compared to the budgeted dollars to be spent on capital projects, expressed as a percentage. For 2018, West Coast Huron Energy Inc. spent 87.04% of the capital dollars budgeted for that year. There were a few capital projects deferred in 2018 due to the pending merger with Erie Thames Powerlines.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an "Efficiency Ranking" based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. West Coast Huron Energy Inc. has been in Group 5 since 2013. Group 5 is considered fair and is defined as having actual costs 25% above predicted costs. In order to improve its efficiency and in turn save money for the customer West Coast Huron Energy determined that merging would enable the utility to drive efficiencies and in turn improve this result and reduce costs for customers going forward.

Total Cost per Customer

Total cost per customer is calculated as the sum of West Coast Huron Energy Inc.'s capital and operating costs and dividing this cost figure by the total number of customers that West Coast Huron Energy Inc. services. Similar to most distributors in the province, West Coast Huron Energy Inc. has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefit costs for our employees as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs.

Total Cost per Km of Line

The total cost performance result for 2018 is $825/customer, which is an increase of $37/customer over 2017's scorecard.

This measure uses the same total cost that is used in the Cost per Customer calculation described above. Based on this, West Coast Huron Energy Inc.'s rate was $52,357 per km of line. This is an increase of $2,303 per KM of line compared to 2017. West Coast Huron Energy Inc.'s growth rate for its territory is relatively low. This increase of about 4% is consistent with the increases during 4 of the last 5 years.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

West Coast Huron Energy Inc. continues to participate in the provincial SaveOn Energy programs and continues to develop and collaborate on customer/innovative programs to be successful in the 2016-2020 Conservation First Framework. West Coast Huron Energy Inc. was given an energy target of saving 8,100.1 MWh by the end of 2020. At the end of 2018, West Coast Huron Energy reached 59% of this target.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority. West Coast Huron Energy Inc. has developed and implemented an internal procedure to ensure compliance with this regulation. All CIA's are conducted internally by West Coast Huron Energy Inc.'s line staff.

In 2018, West Coast Huron Energy Inc didn't have any CIA projects to complete.

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

Micro-embedded generation facilities consist of solar, wind or other clean energy projects of less than 10kW that are typically installed by homeowners, farms or small businesses. In 2018 West Coast Huron Energy Inc. did not have any new micro-embedded generation facilities connected.

Financial Ratios

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

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its

current assets or its short-term financial facilities.

West Coast Huron Energy Inc.'s current ratio increased to 0.84 in 2018 from 0.80 in 2017. This is indicative of a relatively financially healthy organization.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholder's equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. 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 low debt to equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2018 West Coast Huron Energy's debt to equity ratio was 0.88, which is just slightly below the capital structure used by the Ontario Energy Board when setting rates. Over the last five years the utility has increased its use of debt to finance its capital projects resulting in an increasing trend reflected in this ratio. With the pending merger in 2018, there was no reason to use debt to finance capital projects which explains the reason for the decrease from 0.92 in 2016 and 2017.

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

Return on Equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. West Coast Huron Energy Inc.'s current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 8.98% (this number has remained constant for the last 5 years). The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the Ontario Energy Board.

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

West Coast Huron Energy Inc. achieved a ROE of 6.46% in 2018, which is inside of the +/- 3% ranged allowed by the Ontario Energy Board (see above paragraph). West Coast Huron Energy Inc. 's average ROE over the last 4 years is 5.94% which is slightly below the Ontario Energy Board's expected return.

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 judgement on the reporting date of the performance scorecard, and could be markedly different in the future.