

Scorecard - Sioux Lookout Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	98.20%	96.20%	91.74%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	100.00%	96.20%	94.01%	93.54%	93.17%		65.00%		
	Customer Satisfaction	First Contact Resolution	100%	100%	100%	100%	100%				
		Billing Accuracy	99.67%	99.90%	99.84%	99.96%	99.79%		98.00%		
		Customer Satisfaction Survey Results	89.51%	89.51%	82.99	82.99	72.07				
<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		79.00%	79.00%	79.00%	79.00%				
		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>	1.28	0.68	0.67	1.46	1.41			0.86	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.74	0.36	0.57	1.33	0.78			0.66	
	Asset Management	Distribution System Plan Implementation Progress	Stage 1	Stage 2	Stage 5	Stage 5	108.4%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$869	\$818	\$852	\$848	\$836				
		Total Cost per Km of Line <sup>3</sup>	\$8,445	\$8,273	\$8,644	\$3,389	\$3,338				
<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>		14.52%	27.84%	47.72%	54.00%			3.70 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time	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)	0.96	0.95	0.93	0.94	1.06				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.64	0.58	0.51	0.48	0.46				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	9.00%			
			Achieved	6.38%	7.38%	5.16%	5.69%	9.43%			

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

- In 2018, Sioux Lookout Hydro met all of its performance targets, with the exception of the two system reliability metrics, the average number of times that power to a customer is interrupted and average number of hours that power to a customer is interrupted. These objectives are determined by SLHI’s five year rolling average 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 implementation of the Distribution System Plan in 2018 will solidify SLHI’s commitment to improve 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 from 2014 to 2018 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 day the connection authorization is received by the Electrical Safety Authority. In 2018 SLHI connected 23 new services.
- **Scheduled Appointments Met On Time**
  - In 2018 Sioux Lookout Hydro scheduled 54 appointments with a customer representative, all of these were met on time for a score of 100.00%. Sioux Lookout Hydro’s goal is to continue to meet 100% of appointments on time.
- **Telephone Calls Answered On Time**
  - Sioux Lookout Hydro received 3,676 qualified incoming calls in 2018. 93.17% of these calls were answered within 30 seconds. While there is a slight decrease over 2016 by 0.37%, 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**

- 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**

- In 2018 Sioux Lookout achieved 99.79% 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**

- Sioux Lookout Hydro conducted a customer satisfaction survey in May 2018. The results indicated that overall 72.07% of our customers were satisfied with the service Sioux Lookout Hydro provides. This score decreased by 10.92% from the July 2016 survey.
- All residential and small business customers were given the opportunity to comment on SLH's performance, voice concerns and present their opinion on present and future services. SLH performed the survey using Survey Monkey and posted a pop-up invitation on SLH's website and provided a link in their Facebook page which was pinned to the top of the page. The results were far less than the 2016 survey which was conducted through telephone calls. SLH had 61 responses through both collectors compared to 216 from the 2016 survey. This represents approximately 3% of all residential and small business customers. 100% of the responses were from residential customers.
- The decrease in participation is somewhat responsible for the decreased score. This along with the method of delivery (online vs telephone calls) is believed to have negatively impacted the results due to the anonymity of the responses through the online method.
- The most important issues noted by customers continue to be the high costs of electricity and system reliability, which is consistent with the 2014 and 2016 Customer Satisfaction Survey.
- The highest satisfaction score of 80.9% was received for power quality and price was the lowest score at 55%.
- Sioux Lookout Hydro's objective is to increase Customer Satisfaction to at least 80% in the next two years.

## Safety

- **Public Safety**

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

- Sioux Lookout Hydro hired UtilityPULSE, an independent survey company to perform the survey in late 2017 using random digit dialing to connect with 300 members of the general population of the Municipality of Sioux Lookout.
- 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 was conducted the first time in 2015, for reporting in 2016 and presented a score of 79%. The result of the second survey in 2017 scored a 79% as well.
- The next survey is planned for 2019.

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

- Sioux Lookout Hydro was compliant with Ontario Regulation 22/04 for 2018 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**

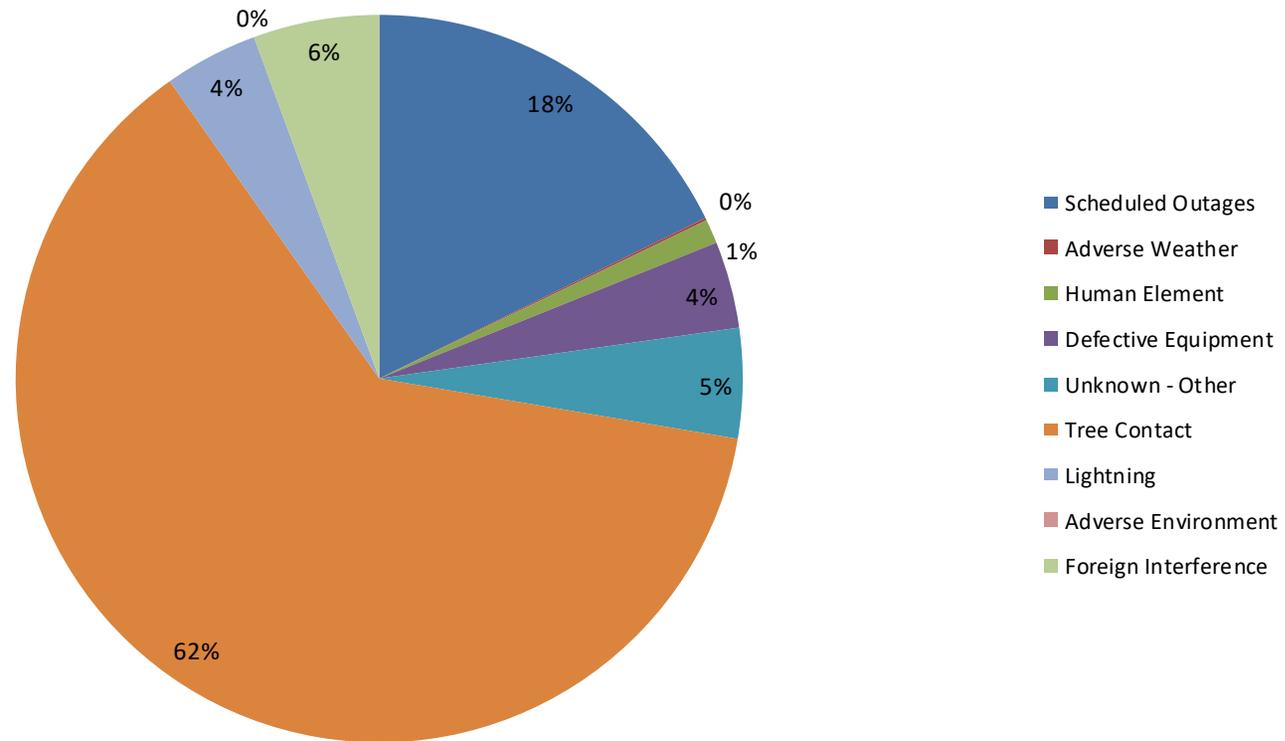
- Sioux Lookout Hydro has not had any serious electrical incidents, and will continue to promote safe work practices and safety to the public in order to prevent such incidents.

## 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 2018 decreased slightly to 1.41 from 1.46 in 2017. The distributor specific target is 0.86, which is based on Sioux Lookout Hydro's five year average. The target was not met as a result of increased frequency of adverse weather resulting in large numbers of tree contact outages, compared to 2015 and 2016 where the metric was 0.68 and 0.67 respectively. The chart below depicts customer hours of interruption by cause for 2018:

## Sioux Lookout Hydro Inc. 2018 Customer hours of interruption by Cause



- It should be noted that in 2017 there were 3,627 customer hours of interruption due to tree contact. In 2018 there were 2,503 customer hours of interruption due to tree contact, a decrease of 31%.
- **Average Number of Times that Power to a Customer is Interrupted**
  - The average number of times that power to a customer was interrupted in 2018 decreased 0.78 from 1.33 in 2017. The distributor specific target of 0.66, which is based on Sioux Lookout Hydro's five year rolling average, was not met. The increase in the frequency of adverse weather and tree contact seems to be a contributing factor.

Sioux Lookout Hydro has a service territory of 539 sq. km, and the geography includes long spans of line through heavily treed areas which contributes to the challenges faced by Sioux Lookout Hydro to increase its reliability. The utility has a robust tree trimming program to mitigate the effects of adverse weather and tree contact.

As well, Sioux Lookout Hydro performs scheduled outages from time to time in order to improve the reliability of its distribution system through upgrades and general maintenance.

## 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. Sioux Lookout Hydro submitted their Distribution System Plan to the OEB as part of their 2018 Cost of Service Rate Application. 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.
- 2018 was the first year of the five year plan, which was approved by the OEB in the 2018 Cost of Service Application. The 108.4% is the percentage of the actual capital expenditures over the approved budgeted amount.

## 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 2018, for the seventh 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.
- For 2018 Sioux Lookout Hydro's actual costs were 16.9% less than predicted costs. This is an improvement over 2017 where the actual costs were 7.9% less than predicted costs. Since the ranking is based on the average of the past three years Sioux Lookout Hydro still fell within the +/- 10 percent at 9.4% less than predicted costs for 2016-2018. Although Sioux Lookout Hydro's forward-looking goal is to advance to the "more efficient" group, management's expectation is that efficiency performance will continue to be within +/- 10 percent of predicted costs, with the goal being less than predicted costs.

- **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 remained relatively stable over 2016 and 2017, decreasing slightly.

- 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 figure for 2017 is reduced significantly from prior year reporting. This is due to implementing a new mapping system which allows for more detailed records, as well as a review of the CEA definition which uncovered that Sioux Lookout Hydro was utilizing the road Km of line as its metric when circuit Km of line was the correct figure. This resulted in an increase of Km of line reported from 322 Km to 711 Km and a decrease in cost per Km of Line by \$5,255 in 2017. In 2018 the cost per Km of line is in line with 2017 with a slight decrease of \$50.
  - 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 fourth year of the 2015-2020 Conservation First Framework is 54%. In March 2019 the government announced that the Conservation First Framework would be cancelled and that all programs would be delivered provincial by the IESO province-wide. They also announced the cancellation of all residential programs. Since they will no longer be verifying savings SLHI is unsure what the impact on this metric will be.

## 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 2018 Sioux Lookout Hydro did not have any micro-embedded generation facilities connections.

## 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 1.06. Sioux Lookout Hydro continually monitors its short term assets to ensure that all of its short term obligations are met and to maintain a liquidity ratio of 1.

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

Sioux Lookout Hydro’s debt to equity ratio has remained stable from 2017 to 2018. The current OEB deemed debt to equity ratio is 1.5.

The Distribution System Plan was in its first year in 2018, and Sioux Lookout Hydro took on additional long-term debt to finance the replacement of key equipment. Over the next few years, SLHI will be acquiring additional long term debt to implement the vehicle replacement program. This will increase the debt to equity ratio somewhat.

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

The 9.00% deemed rate of return was established during Sioux Lookout Hydro’s last cost of service rate application for 2018 rates in decision EB-2017-0073. 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 2018, Sioux Lookout Hydro over-achieved the deemed return on equity by .43%. As expected, the achieved Regulated Return on Equity was within the +/- 3% deadband.

## 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.