

# Scorecard - ERTH Power Corporation

10/21/2020

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	Trend	Target	
									Industry	Distributor
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	99.00%	100.00%	99.00%	97.00%	97.60%		90.00%	
		Scheduled Appointments Met On Time	100.00%	99.00%	99.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	98.00%	98.00%	96.00%	95.00%	96.52%		65.00%	
	<b>Customer Satisfaction</b>	First Contact Resolution	99.53%	99.45%	96.7%	99.74%	99.85%			
		Billing Accuracy	95.00%	100.00%	100.00%	99.00%	98.49%		98.00%	
		Customer Satisfaction Survey Results	86.77%	86.95%	86.96%	77.08%	77.1			
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Level of Public Awareness	83.16%	83.16%	84.08%	84.08%	85.10%			
		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		
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000			0.000
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.64	1.24	0.79	0.95	0.94			2.75
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.47	1.21	0.37	0.35	0.56			0.45
	<b>Asset Management</b>	Distribution System Plan Implementation Progress	89.59%	99.69%	82.80%	99.10%	108%			
	<b>Cost Control</b>	Efficiency Assessment					3			
		Total Cost per Customer <sup>3</sup>	\$684	\$706	\$689	\$703	\$691			
		Total Cost per Km of Line <sup>3</sup>	\$36,840	\$39,058	\$38,539	\$39,341	\$36,992			
<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).	<b>Conservation &amp; Demand Management</b>	Net Cumulative Energy Savings <sup>4</sup>	28.00%	43.00%	72.00%	89.00%	93.00%			35.71 GWh
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time	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.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.89	0.89	0.88	0.86	0.76			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.39	1.37	1.25	1.25	1.00			
		Profitability: Regulatory Deemed (included in rates)	9.09%	9.09%	9.09%	9.00%	9.00%			
		Return on Equity Achieved	8.89%	8.34%	8.58%	10.38%	12.05%			

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 now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

**Legend:**

5-year trend up down flat

Current year target met target not met

# 2019 Scorecard Management Discussion and Analysis (“2019 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 2019 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

- ERTH Power Corporation, launched in July 2000 in the heart of Southwestern Ontario, representing the amalgamation of seven Public Utilities Commissions (PUCs) within the municipalities of Port Stanley, Aylmer, Belmont, Ingersoll, Thamesford, Otterville, Norwich, Burgessville, Beachville, Embro and Tavistock. In 2011, Clinton, Mitchell and Dublin, Ontario and most recently in 2019, Goderich, Ontario was added to our service territory. We are a licensed distribution company (LDC) providing efficient delivery of electricity, billing and maintenance service to over 25,000 residential and commercial customers across 15 communities within our licensed boundaries.
- In 2019, ERTH Power exceeded most performance targets only falling short of its Distributor specific reliability frequency target in its first year of operations after its merger with West Coast Huron Energy.
- ERTH Power performed well with respect to its targets and sustained its strong performance. Adverse weather in March, and May resulted in an increase in the number customer interruptions for 2019. However, ERTH remains well under the former mandated targets and continues to provide excellent reliability for its customers and continues to perform better than the industry average.
- ERTH Power monitors its results with respect to the measures reported on the scorecard, and is continually seeking to improve upon its performance in order to improve the service provided to its customers.

## Service Quality

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

In 2019 ERTH Power connected 97.6% of its 292 new residential and small businesses to the distribution system within the required 5 day window that has been determined by the Ontario Energy Board. New connections have continued to remain high since the 2016 number of 230. ERTH has been able to maintain its strong level of performance even with the significant increase in new connections over the past two years. ERTH expects to continue to maintain the current level of performance in 2020.

- **Scheduled Appointments Met On Time**

ERTH Power scheduled 254 appointments with its customers in 2019 to complete work requested by customers. Consistent with prior years (100%), the utility met 100% of these appointments on time which significantly exceeds the industry target of 90%. ERTH Power expects to continue this level of service in 2020.

- **Telephone Calls Answered On Time**

In 2019 ERTH Power customer service staff received 26,230 calls and achieved a service level of 96.52% in answering those calls within 30 seconds, while only 3.48% of calls received were abandoned prior to customers speaking with an agent. Both of these results exceed the Ontario Energy Board's required level of service and are consistent with the performance of the call center in previous years. ERTH will look to continue with its excellent call center performance in 2020 and strive to reduce the number of abandoned calls experienced by our customers.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements were introduced by the Ontario Energy Board on July 1, 2015. The OEB plans to review the 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 ERTH Power, First Contact Resolution was measured based upon actual calls received from customers with respect to the same or similar issue and calculated this number as a percentage of all customer contacts received that resulted in the generation of an issue and for which a service order was created. The result was that 99.85% of customers' issues were dealt with on first contact

- **Billing Accuracy**

For the year 2019 ERTH Power issued 288,028 bills and achieved a billing accuracy of 98.49% this compares favourably to the prescribed OEB target of 98%. ERTH Power continues to monitor its billing accuracy results and processes to 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. At this time the Ontario Energy Board is allowing electricity distributors to use their own discretion as to how they implement this measure. As a result, this measure may differ from other utilities in the Province. Surveys need to be completed every other year. In 2018, ERTH Power contracted RedHead Media to conduct the Ontario Energy Board regulated Customer Satisfaction Survey and scored a 77.1% satisfaction rate. This was ERTH Power's first use of a professional firm to determine a satisfaction level of its customer on a statistically accurate measurement. ERTH Power is reviewing the results and will work diligently to address areas of concern and improve its customer satisfaction level prior to its next survey. It is important to note that Brand awareness impacted ERTH Power's score and that the survey was conducted shortly after ERTH Power had just rebranded from its longstanding Erie Thames Powerlines name. This customer survey was conducted prior to the merger. The first merged customer satisfaction survey will be undertaken and reported in ERTH Power Corporations 2020 scorecard results.

## Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2019. 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.

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

In 2019 ERTH Power completed its survey of its customers (for the entire merged service territory) with respect to public awareness of Electrical Safety. ERTH utilized a third party agency to survey its customers and ensure that an accurate sampling of its population was achieved. The results of this survey found that 85.1% of ERTH customers have strong awareness of electrical safety. The survey in 2019 resulted in a small increase of 1% in awareness from the survey completed in 2017 prior to the merger. ERTH will continue to work within its communities to ensure that this metric continues to improve in the future.

ERTH provides an Electrical Safety Awareness school program that targets grade one to eight throughout the schools in its service territory on a rotating basis. This program works to instill awareness of electrical safety at an early age and is an effort to ensure that all residents within the province are aware and safe around electrical equipment.

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

In 2019, ERTH Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our 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. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

ERTH Power has no reported serious incidents from 2010 to 2019. ERTH continues to be committed to safety in an effort to ensure this trend continues.

## System Reliability

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

ERTH Power had a small decrease in 2019 of the number of hours that power to a customer is interrupted to 0.94 from 0.95 in 2018. While the number of outage hours is still on the low side of the former target range provided by the Ontario Energy Board, ERTH had a significant duration outage in the month of April due to failed switches at a supply feeder resulting in many customers being without power for 6 hours.

ERTH results are significantly below the LDC specific requirement of 2.75 for SAIDI and this excellent performance remains at the low end of the former range of acceptable results set by the Ontario Energy Board for the entire industry and among the best results in the province historically.

ERTH Power continues to view reliability of electricity service as a high priority for its customers and as such conducts a vegetation management program that ensures the whole system is trimmed every three years. Similarly, ERTH is dedicated to upgrading its assets to 27.6 kV in order to reduce its reliance on substations and thereby ensure that its reliability continues to be above average as aging stations are retired. This, combined with the ERTH Power' commitment to review the worst performing feeders on a quarterly basis in order to potentially improve reliability, will ensure customers continue to receive excellent reliability from ERTH's system.

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

ERTH average number of times that power to a customer is interrupted has increased slightly in 2019, however remains at the low end of the former range of acceptable results set by the Ontario Energy Board for the entire industry and among the best results in the province historically. However, when compared to the new distributor specific target of 0.45, ERTH at 0.54 for 2019 was above the target and therefore is appearing as a target that has not been met.

ERTH staff is mindful of the aging assets that make up its distribution system and will continue to monitor its assets and outages to ensure that the capital spend is appropriate to ensure that the number of outages does not escalate to a point that it becomes an issue and a cause of customer dissatisfaction.

## Asset Management

- **Distribution System Plan Implementation Progress**

ERTH Power has completed its DSP and filed it with the OEB in September of 2017. The DSP has become the guiding document for tracking our capital spend beginning in 2019. ERTH has detailed its 5 year spend and projects and has measured itself on an annual basis with respect to the actual spending level versus its plan. In 2019 ERTH spent approximately 108% of the dollars planned to be invested into its distribution system.

## Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by 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. In 2019, for the second year in a row, ERTH Power 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, ERTH Power costs are within the average cost range for distributors in the Province of Ontario. In 2019, 45% (33 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 26% were ranked as “least efficient”. ERTH Power’s forward looking goal is to advance to the “more efficient” group and management’s expectation is that efficiency performance will not decline.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of ERTH Power capital and operating costs and dividing this cost figure by the total number of customers that ERTH serves. The cost performance result for 2019 is \$691/customer which is reduction of (1.7%) over 2018 cost and almost the same costs as in 2015 showing that ERTH is focused on cost containment to ensure value for its customers and driving efficiencies from its recent merger with West Coast Huron Energy.

Similar to most distributors in the province, ERTH Power has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as OESP, OER, growth in wage and benefits 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. Despite these changes ERTH has worked diligently to keep its cost of operations relatively flat and in doing so has been able to maintain its efficiently ranking of cohort 3 while merging with a utility that was ranked in cohort 5 prior to the merger. ERTH Power will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts.

- **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 ERTH Power operates to serve its customers. ERTH 2019 rate is \$36,992 per Km of line, a 5.9% decrease over 2018 and a 0.5% increase over 2015.

ERTH staff have been diligent in ensuring that its costs are controlled and those efforts have resulting in these positive changes in cost changes year over year both by kilometers of line and cost per customer growth being less than inflation.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

ERTH Power is pleased that it is progressing well towards achieving its target of 27.63 GWH in the 2019-2020 CDM framework. At the end of 2019 ERTH has achieved 93% of its targeted savings in the CDM framework. This program has been removed from LDC's responsibilities and will be delivered provincially on a go forward basis, however ERTH Power remains committed to conservation and will assist its customers in any way it can to ensure they are able to leverage available programs and funding to reduce their power usage and in turn electricity costs.

## Connection of Renewable Generation

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

ERTH Power is pleased to report that it completed all of its connection impact assessments on time in 2019.

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

ERTH Power connected no Micro-embedded Generation Facilities in 2019.

## 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. ERTH Power current ratio remains stable at 0.76 for 2019 as compared to 0.86 in 2018.

- **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. A debt to equity ratio of 1.5 indicates that a distributor is structured appropriately in line with 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. ERTH Power maintains a debt to equity structure that is in line with the deemed 60% to 40% capital mix as set out by the OEB – this is demonstrated by the 2019 debt to equity ratio of 1.00.

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

ERTH Power current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.00%. 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**

ERTH Power achieved a ROE for 2019 of 12.05% which is 305 bps above the deemed ROE ERTH Power worked diligently to achieve synergies within the first year of the merger and as permitted for Consolidating entities, ERTH Power is eligible for to retain ROE above the 300 bps threshold in the first 5-years of the merger.

## Note to Readers of 2019 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.