

Scorecard - Entegrus Powerlines Inc.

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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	99.50%	98.80%	98.48%	97.95%	98.04%	↓	90.00%		
		Scheduled Appointments Met On Time	94.00%	97.80%	99.38%	99.73%	99.53%	↑	90.00%		
		Telephone Calls Answered On Time	81.30%	68.70%	75.60%	71.01%	65.61%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	78%	79.3%	81%	81%	79%				
		Billing Accuracy	99.78%	99.84%	99.88%	99.90%	99.90%	↑	98.00%		
		Customer Satisfaction Survey Results	91	83.0	94	94	94				
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%	83.00%	83.00%	81.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	NI	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	2	1	↑		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	1.618	0.805	↑		0.227
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.18	0.51	1.72	1.89	1.73	↑		1.16	
		Average Number of Times that Power to a Customer is Interrupted ²	0.87	0.41	1.07	1.21	1.02	↑		0.87	
	Asset Management	Distribution System Plan Implementation Progress	100	22	44	60.41	85.6				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$549	\$567	\$555	\$563	\$566				
		Total Cost per Km of Line ³	\$23,395	\$24,291	\$23,124	\$26,787	\$10,982				
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	67.85%	99.03%	95.92%	98.87%	117.00%			94.35 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%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.69	1.67	1.36	1.34	1.41				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.40	1.44	1.33	1.22	1.20				
		Profitability: Regulatory Deemed (included in rates)	9.85%	9.19%	9.19%	9.19%	9.19%				
		Return on Equity Achieved	9.92%	7.46%	7.64%	8.20%	10.58%				

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>

Scorecard MD&A - General Overview

Entegrus Powerlines Inc. (“Entegrus”) owns, operates and manages the assets associated with the distribution of electrical power to approximately 59,800 customers in 17 Southwestern Ontario communities. The roots of Entegrus extend back to the formation of Chatham Hydro in 1914.

The communities serviced by Entegrus in 2019 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, Wheatley and St. Thomas. Additional details are provided in the Entegrus Electricity Distribution License (ED-2002-0563).

On April 1, 2018, Entegrus amalgamated with St. Thomas Energy Inc. (“STEI”), a licensed electricity distributor operating within the City of St. Thomas. The merged electricity distributor continues as Entegrus. The scorecard results discussed herein relate to the combined 2019 results.

Entegrus 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. Entegrus is confident that its focus on customer outcomes will allow it to continue to meet or exceed performance targets.

Entegrus is committed to continuous year over year performance improvement for 2020 and beyond.

Service Quality

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

In 2019, Entegrus connected 98.04% of approximately 1,375 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 OEB. This result was achieved despite a continuing increase in new residential and small business connections requested in 2019. For the five-year period from 2015 to 2019, Entegrus has consistently performed better than the industry target of 90% in this area.

- **Scheduled Appointments Met on Time**

Entegrus scheduled approximately 2,360 appointments in 2019 to complete work requested by customers (where customer presence is required). Entegrus met 99.53% of these appointments on time. For the five-year period from 2015 to 2019, Entegrus has consistently performed better than the industry target of 90% in this area.

- **Telephone Calls Answered on Time**

In 2019, Entegrus Customer Service received approximately 74,400 calls from its customers – over 296 calls per working day. In 65.61% of instances, Entegrus answered the call within 30 seconds or less. This result exceeds the OEB-mandated 65% target for timely call response. In 2019, Entegrus harmonized its customer information system across the organization. This resulted in some resource constraints during 2019. Going forward this will allow more flexibility to route calls and improve customer experience.

Entegrus 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 2015 to 2019, Entegrus 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.

Entegrus 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 Entegrus. Accordingly, starting in 2014, Entegrus' 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, Entegrus provides the third-party service provider with a report of all customers who had contacted Entegrus Customer Service by telephone within the previous two weeks.

The third-party service provider's telephone agents, in turn, contact and survey Entegrus 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 Entegrus. In 2019, of the 500 customers surveyed, 395 customers indicated that their issue was resolved on the first call to Entegrus. This equates to the reported FCR figure of 79.0%.

Entegrus continues to maintain its high FCR results by implementing recommendations from the service provider. Accordingly, Entegrus 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 2019, Entegrus issued 693,989 bills and achieved a billing accuracy of 99.90%. This compares favourably to the prescribed OEB target of 98%.

Entegrus 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, Entegrus engaged a third-party service provider to conduct annual (rather than bi-annual) Customer Satisfaction surveys.

In 2019, the third-party service provider conducted a random telephone survey for the period September 30, 2019 to October 15, 2019, the service provider agents contacted a random sample of 400 complete Residential surveys and 100 complete Small Commercial surveys. Of the 500 customers surveyed (the denominator), 472 customers (the numerator) rated their Overall Satisfaction in the top 3 boxes. The survey asks customers questions on a wide range of topics, including: overall satisfaction with Entegrus, reliability,

customer service, outages, billing and corporate image.

Customer Satisfaction survey results remained steady at 94%. Customer Satisfaction is a key area of focus for Entegrus. Accordingly, Entegrus 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 were completed for the 2019 scorecard will also be applicable for 2020 scorecard.

Entegrus conducted a public safety awareness campaign in the spring of 2020 utilizing local media and digital website content. Further, Entegrus 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.

Entegrus engaged a third-party service provider to conduct stratified random telephone surveys of 600 Ontario residents, ages 18 or older, currently residing in the Entegrus service territory during the period from March 2, 2020 and March 16, 2020. 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 for 2019 were consistent with prior years at 81%.

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

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. Entegrus is audited annually for compliance and was found to be compliant in 2019.

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

This is measured as the number of non-occupational (general public) serious electrical incidents occurring on Entegrus' distribution system and reported to the ESA, expressed as a raw number and as the number per 1,000 km of line. Entegrus had no such incidents from 2014 to 2017. Entegrus experienced two incidents in 2018 and one incident in 2019. This incident involved a motor vehicle accident that resulted in broken poles and downed overhead wires.

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 2011 – 2015 (the baseline period is updated every 5 years). Entegrus' 2019 result of 1.73 is relatively consistent with the prior two year and is above the target of 1.16. This trend is a result of enhancements to Entegrus' outage reporting systems and aging infrastructure.

Entegrus continues to view reliability of electricity service as a high priority. As further discussed below, Entegrus continued to make substantial progress on its Distribution System Plan ("DSP") implementation in 2019, as well as the design of a new combined and comprehensive DSP for 2021.

- **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 2011 – 2015 (the baseline period is updated every 5 years). Entegrus' 2019 result of 1.02 is relatively consistent with the prior two years and is above the target of 0.87. This trend is a result of enhancements to Entegrus' outage reporting systems and aging infrastructure.

Entegrus continues to view reliability of electricity service as a high priority. As further discussed below, Entegrus continued to make substantial progress on its DSP implementation in 2019, as well as the design of a new combined and comprehensive DSP for 2021.

Asset Management

- **Distribution System Plan Implementation Progress**

Entegrus maintains 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.

The Entegrus-Main DSP was completed in 2015 and accepted by the OEB in 2016. The Entegrus-St. Thomas DSP was completed in 2014 and accepted by the OEB in 2015. Entegrus is currently working towards completing a combined and comprehensive DSP for 2021.

Entegrus reports this metric based on percentage of actual life-to-date capital expenditures divided by the aggregate total DSP (5 year) capital expenditures. The Entegrus 2019 life-to-date actual capital expenditures were \$37.7M (the numerator). The total DSP (5 year) capital expenditures were \$44.0M (the denominator), inclusive of \$38.4M representative of Entegrus-Main rate zone and \$5.6M representative of the St. Thomas rate zone. This numerator and denominator equate to the reported DSP Implementation Progress figure of 85.6%.

In 2019, 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 2019.

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 2019, Entegrus' actual costs for 2017-2019 were 17.9% lower than the costs predicted by the OEB's consultant. For the eighth year in a row, Entegrus 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 2019, Entegrus ranked 15th out of 59 distributors in terms of cost performance results versus benchmark.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Entegrus' capital and operating costs, divided by the total number of customers that Entegrus serves. Entegrus' cost performance result for 2019 is \$566 per customer, which represents a 0.53% increase over 2018.

- **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 Entegrus operates to serve its customers, which equates to \$10,982 per kilometer of line. For 2019 Entegrus had the opportunity to include secondary kilometer of lines in its annual reporting. Accordingly, the decrease in total cost per kilometer of line is due to the inclusion of secondary lines in the cost per kilometer calculation in 2019, whereas, only primary lines were included in 2018.

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. Entegrus' original allocated target was 56.8 GWh, which Entegrus achieved in the first year of the framework (2016). Subsequently, Entegrus 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. In 2018, Entegrus merged with STEI and acquired an additional 17.5 GWh of target. Accordingly, Entegrus' target for 2016-2020 Net Cumulative Energy Savings (kWh) is 94.35 GWh.

Life-to-date at December 31, 2019, Entegrus achieved 117.00% of the amended Net Cumulative Energy Savings target. In March 2019, the provincial government announced the winddown of the conservation framework and the uploading of provincial conservation programs from the distributor to the IESO.

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.

Entegrus successfully completed 4 CIAs in 2019 within the prescribed time. Since 2014, Entegrus 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 or net metering projects) 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%.

In 2019, Entegrus connected 2 new micro-embedded generation facilities within the prescribed time frame of five business days. Entegrus 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.

The Entegrus current ratio was 1.41 in 2019. Entegrus goal is to maintain a Liquidity Ratio of more than 1.00. As noted above, this means that the organization 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 2019 Leverage Ratio of 1.20, Entegrus continues to maintain a debt to equity structure that closely approximates the deemed 60% to 40% capital mix as set out by the OEB. Entegrus' strong financial position is further supported by its recent Standard & Poor's Rating Services rating of "A/Stable/--".

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

Entegrus' 2019 distribution rates were approved by the OEB and includes 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**

Entegrus' achieved a 2019 Regulatory Return on Equity ("ROE") of 10.58%, which is within the +/-3% range of Deemed ROE allowed by the OEB.

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.