

Scorecard - Greater Sudbury Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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	99.40%	98.78%	99.20%	99.38%	99.63%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	99.89%	99.78%	100.00%	↓	90.00%		
		Telephone Calls Answered On Time	66.90%	67.16%	71.25%	71.26%	67.38%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	84%	83.52%	84.19	82.69	87.60				
		Billing Accuracy	99.92%	99.92%	99.92%	99.93%	99.95%	↑	98.00%		
		Customer Satisfaction Survey Results	91%	94%	90%	91%	89%				
<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	73.68%	80.00%	80.00%	83.00%	83.00%				
		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>	1.19	1.65	1.39	1.89	1.48	↑		1.43	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.87	1.34	1.41	1.03	0.99	↓		1.18	
	Asset Management	Distribution System Plan Implementation Progress	96.40%	93.28%	97.47%	84.72%	110%				
	Cost Control	Efficiency Assessment	4	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$648	\$629	\$671	\$679	\$670				
		Total Cost per Km of Line <sup>3</sup>	\$30,649	\$29,706	\$31,690	\$31,938	\$31,590				
<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).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%			100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.47	1.53	1.45	1.48	1.13				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.99	1.90	1.86	1.76	1.22				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.52%			
			Achieved	10.17%	9.30%	7.72%	8.62%	2.04%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
 2. 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.

**Legend:**

5-year trend  
 ↑ up   ↓ down   → flat

Current year  
 ● target met   ● target not met

# 2020 Scorecard Management Discussion and Analysis (“2020 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 2020 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

In 2020, Greater Sudbury Hydro Inc. (GSH) continued to perform strongly. Measures in all areas continued to indicate performance in line with industry expectations. GSH met its customer service obligations and this was reflected generally in high customer satisfaction.

GSH continued to demonstrate strong financial performance in 2020. While maintaining strong levels of capital spent, GSH managed cash and remained liquid throughout the year.

GSH is continuing to review business processes in efforts to further enhance efficiencies and continuously improve.

### Service Quality

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

In 2020, GSH connected 99.63% of 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 Ontario Energy Board (OEB). This is a 0.25% improvement of our previous year’s performance, and remains firmly above the OEB-mandated threshold of 90%. Where practicable, GSH coordinates connection activities with other planned construction activities undertaken by the utility, other utilities, or municipal and provincial government agencies.

- **Scheduled Appointments Met On Time**

There were 858 appointments involving meeting a customer or the customer’s representative where the appointment date and time is set. The utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2020, GSH's customer contact center agents received over 44,750 calls from its customers – on average over 170 calls per working day. An agent answered a call in 30 seconds or less 69% of the time. This result exceeds the OEB-mandated 65% target for timely call response. Year over year, there is a 3% decrease in 2020. The pandemic forced our work force to shift from the office to working from home. Under the circumstances our team was resilient and handled this change very well. There was much uncertainty with customers as a result of job loss, new electricity programs being offered like CERB and CERB Small Business so many calls were longer, resulting in fewer calls being answered in 30 seconds or less.

## Customer Satisfaction

- **First Contact Resolution**

As a specific First Contact Resolution target and methodology have not been outlined, GSH has used the same process as in past years.

First Contact Resolution was measured based on live agent transactional phone surveys conducted by a third-party service provider. For the period January 1 to December 31, 2020, GSH provided the third-party service provider with a weekly sample of all inbound customer telephone calls into GSH's Customer Service.

Third party telephone agents, in turn, contacted and surveyed customers - typically within a week of their initial inbound contact. Customers were asked to rate various facets of their customer experience, and were also asked if their issue (i.e. their reason for calling) was resolved on their first call to GSH. Using the results of this survey, GSH calculated a first contact resolution of 87.60% for 2020 which is 5% higher than the 2019 results of 82.69%.

GSH endeavors to use the transactional customer survey results to identify customer service improvements with the intention of increasing first contact resolution in the future.

- **Billing Accuracy**

For the 2020 calendar year GSH issued approximately 576,900 bills and has reported a billing accuracy of 99.95%. GSH notes, however, that in March, 2021 it discovered an issue with respect to the way fixed charges were being charged for all customers' bills. By way of illustration, for a typical residential customer consuming 750 kWh's per month, this issue resulted in an overcharge of 0.30% or \$0.34 on a bill totaling \$115.44. The issue was corrected with the introduction of GSH's May 1<sup>st</sup>, 2021 rates; GSH has filed a proposal with the Ontario Energy Board describing the issue in detail and outlining GSH's plan to issue credits to customers, and is working with Board Staff to ensure that its proposal is in line with GSH's obligation to correct billing issues. Given the immaterial nature and scope of the discrepancy, it has been excluded from the calculation of this metric.

- **Customer Satisfaction Survey Results**

Since 2013, GSH has engaged an independent third-party survey firm, Oraclepoll Research, to conduct annual customer satisfaction surveys, to provide valuable information in support of discussions and plans around improving customer service at all levels and in all departments within GSH.

The survey asks customers questions on a wide range of topics, including:

- a) overall satisfaction with GSH,
- b) customer service,
- c) price of electricity compared to other essential services,
- d) overall value,
- e) reliability,
- f) response to outages,
- g) commitment to customers,
- h) concern about public safety and safe work practices,
- i) communication with the public in general,
- j) preferred methods of communication and quality of materials,
- k) interest in information about home energy efficiency and cost savings,
- l) ease of understanding bills,
- m) an open-ended question asking for suggestions on how to improve customer service.

Occasionally some questions are added surrounding specific activities the utility may be considering for the future, or in the case of our most recent 2020 survey, questions were added regarding accessing services during COVID19 and the likelihood of an electric vehicle purchase in the next two years. The final reports on these customer satisfaction surveys evaluate the level of customer satisfaction and identify areas for improvement. This data is then incorporated into GSH's planning process and forms the basis of plans to improve customer satisfaction and better meet the needs of customers.

GSH's 2020 Customer Satisfaction result of 89% was a slight drop from the previous year's 91% score. The combined "total good" and "very good" rating was up 2% from the previous year, however the "satisfactory" score dropped 4%, contributing to an overall score decrease of 2%. In drilling down to the raw responses, it appears young people 18-34 and households with the lowest incomes (<\$50k/yr) were less satisfied and supplied more negative responses. Given the economic challenges of 2020 which affected younger workers and low-income households significantly, we believe the slight drop in satisfaction is understandable.

## Safety

- **Public Safety**

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

This information is collected biennially. GSH commissioned independent third-party survey firm Oraclepoll Research to survey the community with the six proscribed questions created by the ESA. That survey was conducted in early February 2020 using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that included both landline and cellular telephone numbers. GSH rated 83% when the ratings and evaluation methodology outlined by ESA were applied to the responses. This was a significant improvement from the previous score of 80% reported for 2017 & 2018. The next survey will be conducted early in 2022 and new results reported in the 2021 Scorecard. GSH continues to communicate safety messages to the communities we serve through a variety of channels.

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

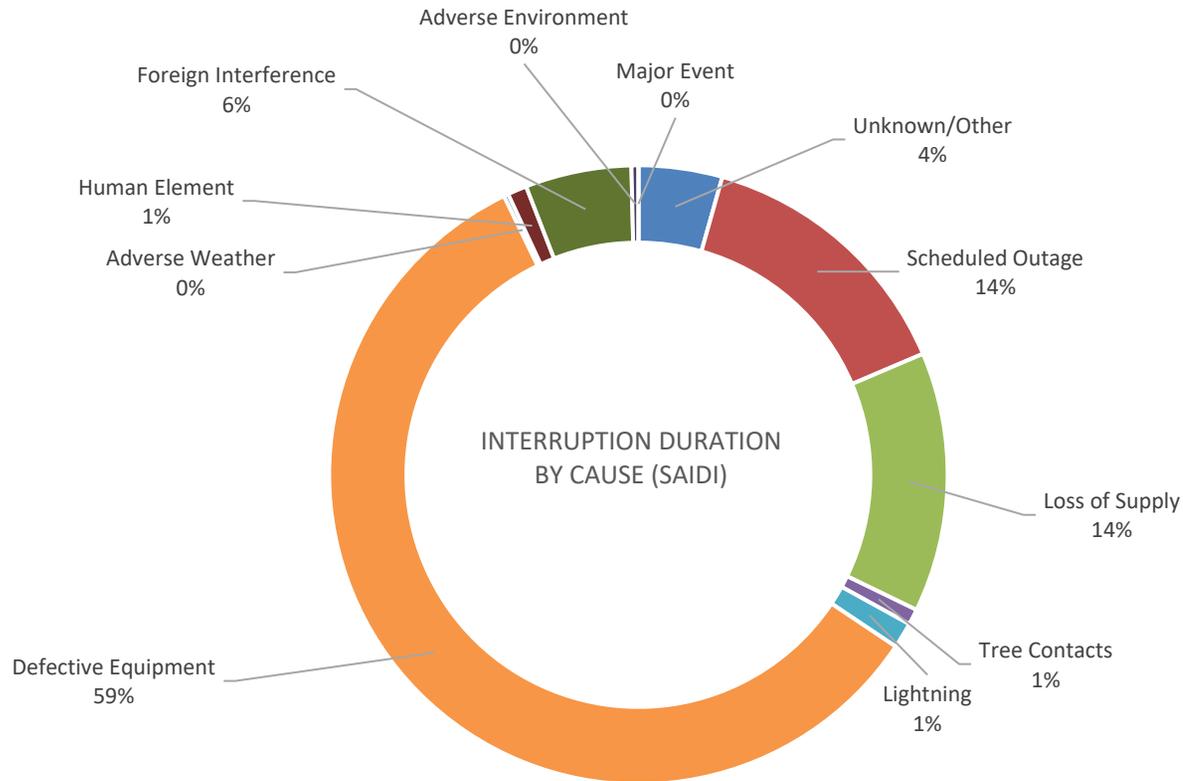
Over the past nine years, GSH was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - Electrical Distribution Safety establishes objective 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**

GSH has maintained a “Serious Electrical Incident Index” value of 0 for the past nine years.

## System Reliability

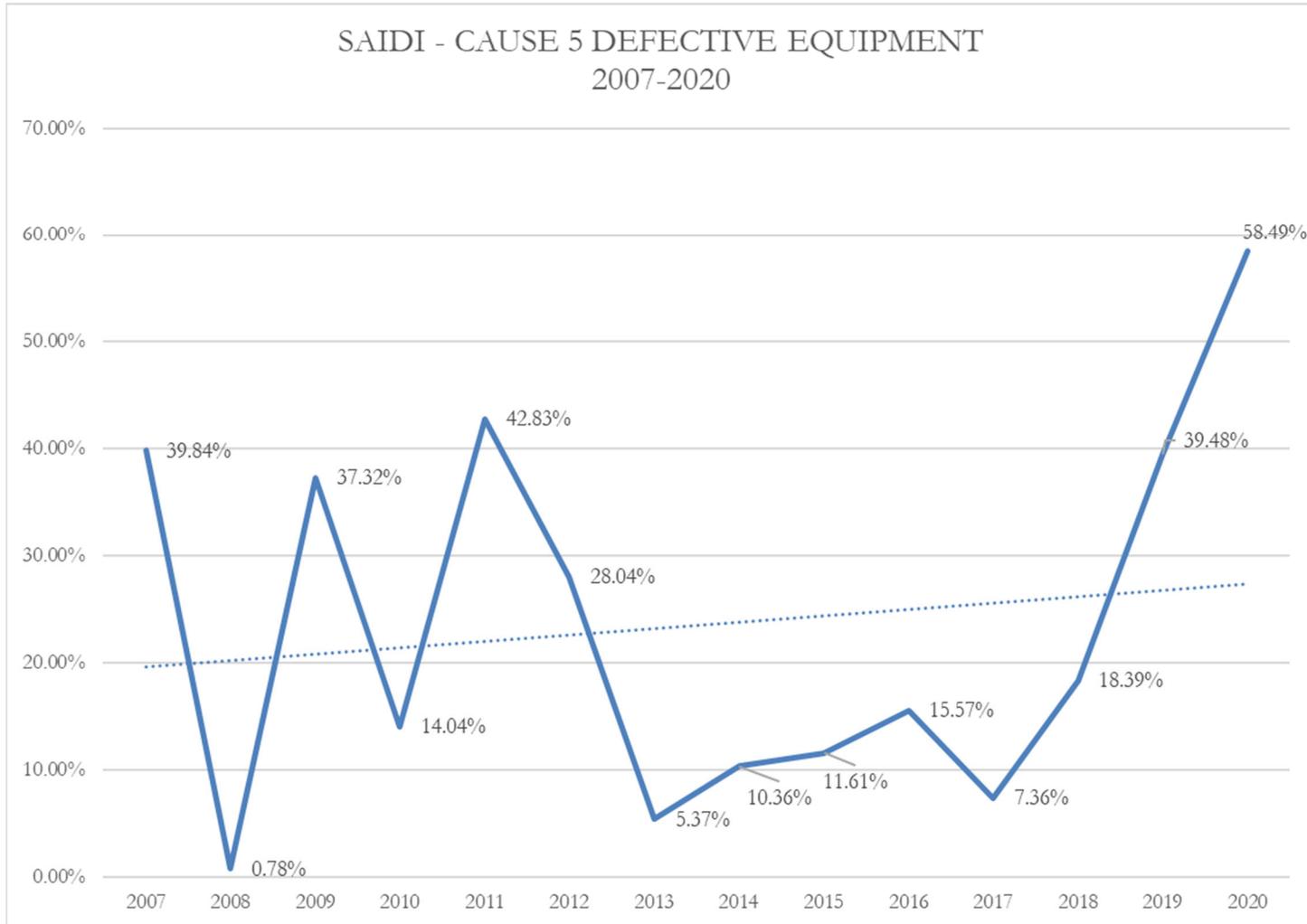
- Average Number of Hours that Power to a Customer is Interrupted



The above pie chart answers the following question: when power to a customer is interrupted, what percentage of the average hour of an outage is attributed to which cause? **Note:** the above includes the cause “Loss of Supply”, however this parameter is not within GSH’s control.

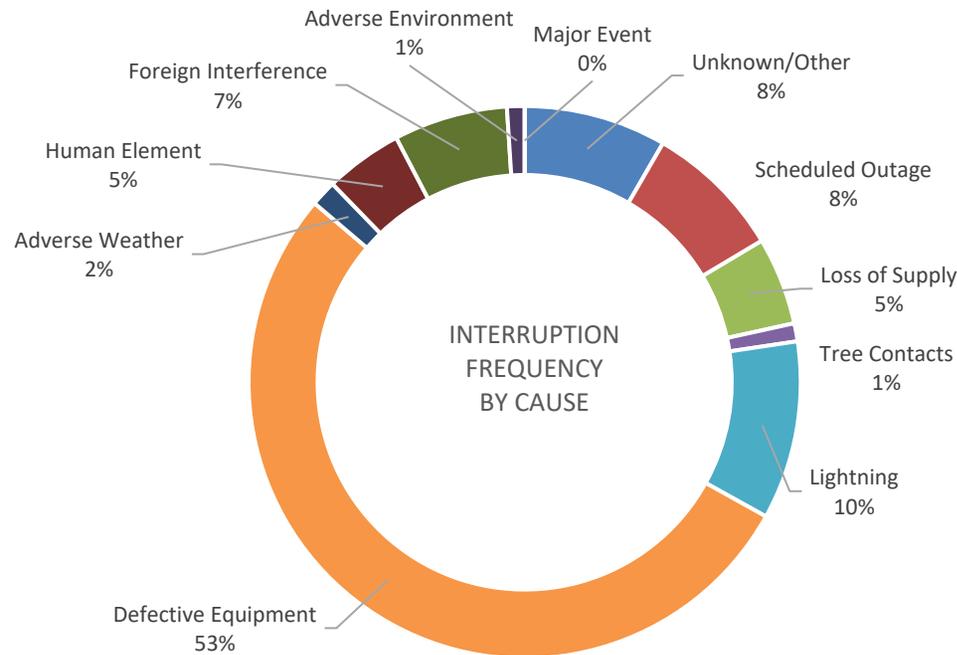
GSH experienced a decrease in the average number of hours that power to a customer was interrupted during 2020 as compared to 2019 (exclusive of “Loss of Supply” outages). The Average Number of Hours that Power to a Customer is Interrupted (i.e., duration) of 1.48 was an improvement over 2019’s performance of 1.89. However, this result is above GSH’s Scorecard target of 1.43.

Until 2017, the duration of service interruptions due to Cause 5 (Defective Equipment) has historically been in a downwards trend. However, 2020 saw a continued increase in the contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIDI index for this outage cause code:



Two events, combined to comprise approximately 57% of the total outage minutes experienced by customers in 2020. On February 13th, a failure of a sleeve on an overhead conductor section of the 28M5 44kV sub-transmission feeder resulted in an outage event that affected 11,489 customers for 4 hours and 15 minutes. The contribution to SAIDI of 0.6596 as a result of this event was responsible for 45% of the total outage minutes experienced by GSHI customers for the year. On December 30th, a faulted 4kV insulator near municipal substation Cressey MS3 resulted in an outage event that affected 4736 customers for 2 hours and 51 minutes. The contribution to SAIDI of 0.1807 as a result of this event was responsible for approximately 12% of the total outage minutes experienced by GSHI customers for the year. GSH has conducted a detailed review of its distribution assets in its Distribution System Plan, which provides for the renewal of its distribution system over the next five years. By focusing strategically on specific assets and/or asset populations, the plan includes among its objectives the goal of reducing the contribution of Cause 5-related outage events to the overall SAIDI index to below 15%. A reversal of this trend will boost the probability of returning the overall SAIDI index to levels commensurate with expected performance.

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

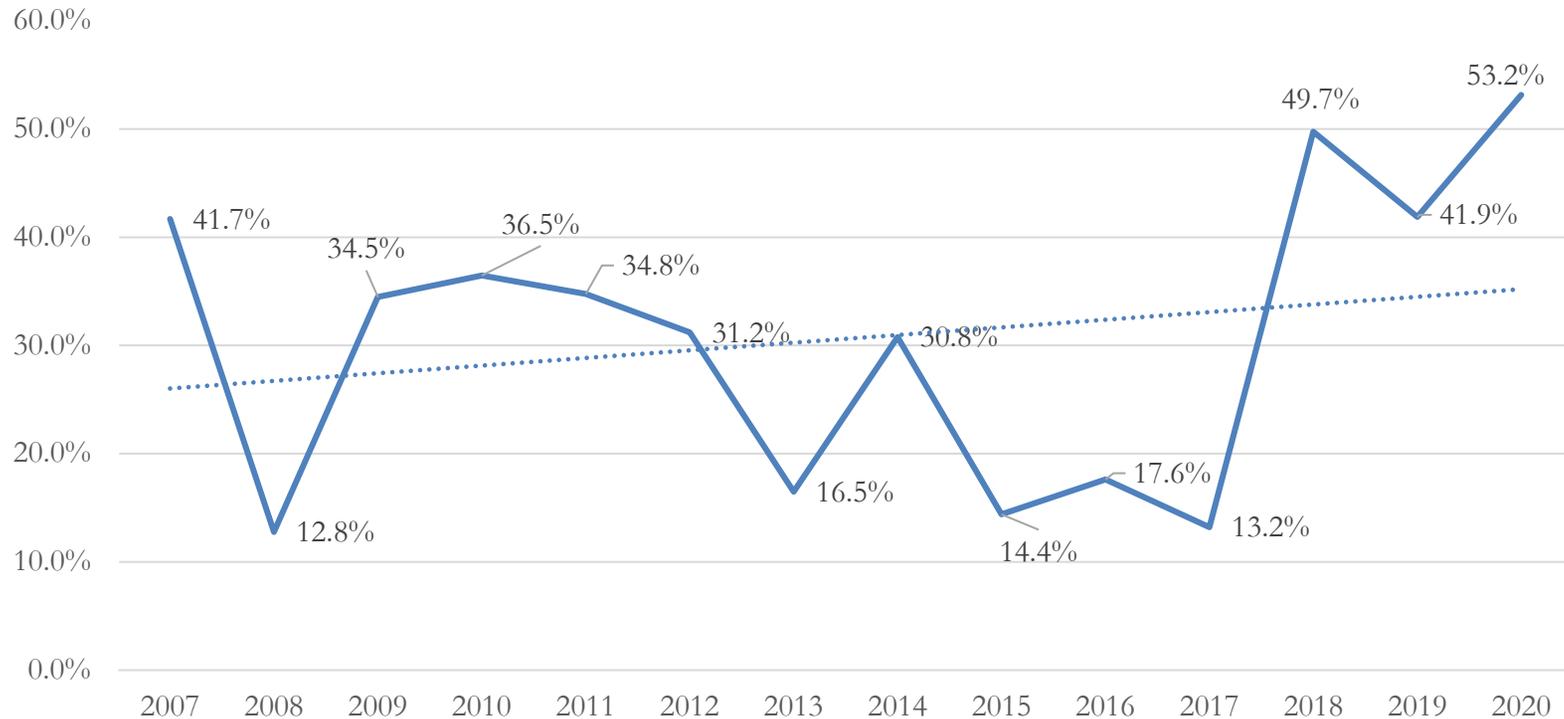


The above pie chart answers the following question: when power to a customer is interrupted, what's the likelihood of a given cause? **Note:** the above includes the cause "Loss of Supply", however this parameter is not within GSH's control.

GSH experienced a decrease in the average number of times that power to a customer was interrupted during 2020 (exclusive of "Loss of Supply" outages). GSH's Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 0.99 was below the target of 1.18.

Meanwhile, the frequency of service interruptions due to Cause 5 (Defective Equipment) had until 2017 been in a downwards trend. However, 2020 continued to see an elevated contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIFI index for this outage cause code:

SAIFI - CAUSE 5 DEFECTIVE EQUIPMENT  
2007-2020



As with the yearly result for SAIDI described previously, two events in particular combined to account for approximately 34% of the total service interruptions to customers for the year. On February 13th, a failure of a sleeve on an overhead conductor section of the 28M5 44kV sub-transmission feeder resulted in an outage event that affected 11,489 customers for 4 hours and 15 minutes. The contribution to SAIFI of .2387 as a result of this event was responsible for 24% of the total outage minutes experienced by GSHI customers for the year. On December 30th, a faulted 4kV insulator near municipal substation Cressey MS3 resulted in an outage event that affected 4736 customers for 2 hours and 51 minutes. The contribution to SAIFI of .0982 as a result of this event was responsible for approximately 10% of the total outage minutes experienced by GSHI customers for the year.

## Asset Management

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The Distribution System Plan (“DSP”) outlines Greater Sudbury Hydro Inc’s forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor’s electricity system to serve its current and future customers. The “Distribution System Plan Implementation Progress” measure is intended to assess Greater Sudbury Hydro Inc’s effectiveness at planning and implementing the DSP. Greater Sudbury Hydro Inc measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year per the DSP. With actual capital spending of 10,377,865, the 2020 measure indicates that Greater Sudbury Hydro exceeded its planned project spending of \$9,415,007 by 10%. Apart from substantially completing the projects as outlined in the DSP, the majority of the increased actual capital spending of \$962,858 was driven by an increased cost of \$809,000 for the rehabilitation of municipal substation Gemmell MS11. These costs were necessary to repair, and correct deficiencies found in the substation wall that weren’t part of the initial project scope, as well as increased costs in respect of materials and contract labor due to the ongoing COVID-19 pandemic.

## 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. For 2020 GSH is ranked in the third group based on the PEG calculation, which is consistent with the prior year.

GSH has continued to focus on controllable costs throughout 2017 - 2021, reviewing many of the key business processes in an effort to

optimize those processes and drive efficiencies.

- **Total Cost per Customer**

Total Cost per Customer is calculated as the sum of Greater Sudbury Hydro Inc.'s (GSH) operating costs and an inflated capital cost and dividing this cost figure by the total number of customers that GSH serves. The cost performance result for 2020 is \$670 per customer and ranges from \$629 to \$679 per customer in years 2016 through 2020.

The dollar amount used for GSH's total capital cost in this cost per customer calculation is derived by Pacific Economics Group LLC as part of its Ontario LDC benchmarking exercise. This exercise derived an inflated total capital cost of \$17.4 million for GSH in 2020, which does not approximate actual capital spend in the year. Actual capital additions were \$11.5 million in 2020. If this calculation used actual capital costs, the cost per customer in 2020 would be \$549 or a total reduction of 18% from the scorecard reported cost per customer.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Total Cost per Customer calculation above. The total cost is divided by the kilometers of line that GSH operates to serve its customers. Please see the relevant discussion under "total cost per customer".

If this calculation used actual capital costs, the "cost per KM of line" in 2019 would drop from \$31,590 to become \$25,885 or a total reduction of 18% from the scorecard reported figure.

## Connection of Renewable Generation

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

Depending on the size of a proposed embedded generation facility, electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of the receipt of the application where no distribution system reinforcement or expansion is required. In 2020, Greater Sudbury Hydro Inc was tasked with completing only one CIA, which was complete within the prescribed time limit. Greater Sudbury Hydro Inc outsources the CIA work to an engineering consultant. Historically, the reason for any delays is mainly due to the consultant's workload and unexpected delays associated with getting more information from the proponent. To further improve the speed of CIA delivery, Greater Sudbury Hydro Inc sets strict guidelines on the information required by the proponent even before we begin the CIA work.

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

In 2020, GSH connected 1 new micro-embedded generation facility (distributed energy resource with nameplate capacity equal to or less than 10kW) 100% of the time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers. GSH works closely with its customers and their contractors to tackle any connection issues to ensure a micro-embedded generation facility is connected on time.

## Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being “liquid”. GSH’s current ratio decreased from 1.48 to 1.13 from 2019 to 2020. GSH has seen a reduction in its cash balance as a result of changes in regulatory asset and liability accounts which has had an impact on its current ratio in the current year. GSH expects its current ratio to improve from the current measurement in future years.

- **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. The 2020 Scorecard shows a change in the total debt to equity ratio for GSH by declining from 1.76 in 2019 to 1.22. The change year-over-year is driven almost entirely by the establishment of a material regulatory asset in the year, which had the one-time effect of increasing GSH’s equity and therefore lowering GSH’s debt to equity ratio. GSH’s debt to equity ratio is expected to trend closer to the 2020 measurement in future years.

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

Greater Sudbury Hydro's 2020 distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.52%. 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**

GSH's regulatory return achieved in 2020 was 2.04%, which is outside the +/- 3% range allowed by the OEB. The ROE calculation for GSH is materially impacted by two non-recurring financial transactions or events occurring in this year's financial statements. The first item of taxable loss position/corporate minimum tax has not been normalized for in this ROE calculation, but GSH has normalized the one-time transaction of recognizing Other Post Employment Benefit matters as a regulatory asset.

## Note to Readers of 2020 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.