

Scorecard - Newmarket-Tay Power Distribution Ltd.

10/22/2021

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	99.77%	100.00%	100.00%	98.12%		90.00%		
		Scheduled Appointments Met On Time	99.80%	99.91%	99.99%	99.90%	98.87%		90.00%		
		Telephone Calls Answered On Time	81.80%	76.64%	70.86%	68.58%	73.64%		65.00%		
	Customer Satisfaction	First Contact Resolution	90%	90	93.7	97.7	99.6%				
		Billing Accuracy	99.99%	99.95%	99.95%	79.61%	99.94%		98.00%		
		Customer Satisfaction Survey Results	91%	91	A	96	96%				
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%	81.00%	82.00%	83.00%	83.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.42	0.42	0.66	0.78	0.98			0.56	
		Average Number of Times that Power to a Customer is Interrupted ²	0.57	0.54	0.78	0.70	0.53			0.63	
	Asset Management	Distribution System Plan Implementation Progress	100%	120	103	64	88%				
	Cost Control	Efficiency Assessment	2	2	2	3	2				
		Total Cost per Customer ³	\$613	\$630	\$657	\$678	\$644				
		Total Cost per Km of Line ³	\$26,481	\$27,509	\$28,067	\$28,984	\$27,641				
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).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%							
		New Micro-embedded Generation Facilities Connected On Time	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)	2.74	2.35	1.41	1.37	1.38				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.67	0.66	1.23	1.19	1.12				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.66%	9.66%	9.66%	9.66%			
			Achieved	8.01%	2.41%	11.19%	6.94%	6.33%			

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

Scorecard - Newmarket-Tay Power Distribution Ltd.

8/30/2021

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	99.77%	100.00%	100.00%	98.12%	👇	90.00%		
		Scheduled Appointments Met On Time	99.80%	99.91%	99.99%	99.90%	98.87%	👇	90.00%		
		Telephone Calls Answered On Time	81.80%	76.64%	70.86%	68.58%	73.64%	👇	65.00%		
	Customer Satisfaction	First Contact Resolution	90%	90%	93.7%	97.7%	99.6%				
		Billing Accuracy	99.99%	99.95%	99.95%	79.61%	99.94%	👇	98.00%		
		Customer Satisfaction Survey Results	91%	91	A	96	96%				
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%	81.00%	82.00%	83.00%	83.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	👉		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	👉		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	👉		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.42	0.42	0.66	0.78	0.98	👇		0.56	
		Average Number of Times that Power to a Customer is Interrupted ²	0.57	0.54	0.78	0.70	0.53	👇		0.63	
	Asset Management	Distribution System Plan Implementation Progress	100%	120	103	64	88%				
	Cost Control	Efficiency Assessment	2	2	2	3	2				
		Total Cost per Customer ³	\$613	\$630	\$657	\$678	\$644				
		Total Cost per Km of Line ³	\$26,481	\$27,509	\$28,067	\$28,984	\$27,641				
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).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%							
		New Micro-embedded Generation Facilities Connected On Time	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)	2.74	2.35	1.41	1.37	1.38				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.67	0.66	1.23	1.19	1.12				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.66%	9.66%	9.66%	9.66%			
			Achieved	8.01%	2.41%	11.19%	6.94%	6.33%			

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.
 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

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

Scorecard MD&A - General Overview

On August 23, 2018, the OEB issued the Decision and Order (EB-2017-0269) granting the amalgamation of Newmarket-Tay Power Distribution Ltd. (NT Power) and Midland Power Utility Corporation (MPUC) to continue as NT Power with a rebasing deferral period of 10 years. Prior to the amalgamation, MPUC and NT Power each filed their respective Reporting and Record Keeping Requirements (RRR) data and utility scorecards separately. In the 2018 reporting year, NT Power began filing RRR data as an amalgamated entity. The historical data related to years 2016 and 2017 is data for NT Power without the Midland rate zone.

In 2020, NT Power was able to navigate through the impacts related to the COVID-19 pandemic, while continuing to meet and exceed Customer Service, Operational Effectiveness, Public Policy Responsiveness and Financial Performance metrics. NT Power has adapted and continues to evolve to the ever-changing landscape brought on by the pandemic and remains focused on meeting or exceeding the scorecard performance outcomes again in 2021.

NT Power continues to focus on amalgamating the two rate zones through the ongoing development of staff resources, system processes and workflows to better serve customers and drive efficiencies. NT Power’s efforts continue to focus on safely and reliably meeting the electricity need of our customers.

Service Quality

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

98.12% of new service customers were connected within the five-day timeframe requirement. This is NT Power's 10th consecutive year achieving over 98%; exceeding the OEB standard of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

NT Power met 98.87% of scheduled appointments in 2020 exceeding OEB industry standard metric of 90% for Scheduled Appointments Met on Time for 10 consecutive years.

- **Telephone Calls Answered On Time**

NT Power continues to exceed the OEB industry standard for answering telephone calls on time. In 2021 NT Power received approx. 29,200 qualified incoming calls with 74% being answered in person within 30 seconds. NT Power exceeded the OEB approved standard by 9%. NT Power is replacing its aged phone system to improve on its metric for answering telephone calls on time.

Customer Satisfaction

- **First Contact Resolution**

NT Power strives to ensure customers' needs are promptly addressed and resolved within the first contact.

In 2020, NT Power demonstrated a first contact resolution of 99.6% representing a 2% improvement from 2019. System improvements will continue enhance tracking of calls to better customer experience and reporting capabilities.

- **Billing Accuracy**

In 2020, there were 621,781 bills issued with 99.94% accuracy, exceeding the OEB's prescribed target of 98%. NT Power has implemented a bill audit process to continue to monitor billing accuracy results and continually identify enhancement opportunities within the billing process.

- **Customer Satisfaction Survey Results**

NT Power engaged a third party to conduct the ESA Public Safety Awareness Survey and gather feedback. The annual results enable management to make informed decisions and enhancements to improve customer safety awareness campaigns. NT Power attained a result of 83% in 2020.

The survey provides customers and opportunity to respond to a range of safety related topics including: call before you dig, the impact of touching a power line, safe proximity to overhead power lines, the dangers of tampering with electrical equipment, safe proximity to downed power lines, and actions to be taken if your vehicle comes into contact with wires. The customer feedback collected is incorporated into NT Power's safety awareness campaigns.

Safety

- **Public Safety**

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

A survey is conducted to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

A third-party agent is engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents of the general public located in Newmarket and Tay service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power scored 83% on the OEB’s Public Safety Awareness Index Score with results indicating that a majority of the public have a good awareness of key public electrical safety issues.

NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

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

In 2020, NT Power achieved full compliance with Ontario Regulation 22/04 (“O.Reg.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. An audit is performed to determine the status of compliance (Non-Compliant (N/C), Needs Improvement (N/I), or Compliant (C)).

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

No public serious electricity incidents occurred during the year.

System Reliability

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

In 2020, the average number of hours that an NT Power customer was interrupted was 0.98. NT Power did not meet its distributor target of 0.56 but continues to remain well below the industry average for this measure.

Approximately 38% of the customer interruptions hours were related to scheduled outages, which are necessary to complete infrastructure improvements and to maintain a reliable system. NT Power also continues to monitor outage trends, especially those related to equipment failure and wildlife foreign interference as they accounted for over half of the outages experienced by customers in 2020.

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

In 2020, the average number of times power to NT Power customers was interrupted was 0.53, an improvement from the 0.70 in 2019. This result is below the distributor target of 0.63 and is significantly better than the industry average.

Asset Management

- **Distribution System Plan Implementation Progress**

The metric that NT Power has chosen to effectively reflect their performance in the Distribution System Plan (“DSP”) Implementation Progress, is the ratio of actual total capital expenditures made in a calendar year, over the total amount of DSP planned capital expenditures for that calendar year. For 2020, NT Power implemented approximately 88% of its DSP capital expenditure. The under performance in 2020 can be attributed to delays encountered as a result of the COVID-19 pandemic.

Cost Control

- **Efficiency Assessment**

The total costs for 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 2020 NT Power's cost performance improved 2.4% resulting in a 2021 stretch factor of cohort two (0.15%) from the 2020 stretch factor of cohort three (0.30%). The 2020 financials reflect the second complete fiscal year with the Midland rate zone representing an overall decrease of \$358K or 3% in OM&A.

NT Power remains focused on driving efficiencies through the ongoing development of system processes and workflows within the two rate zones. Management expects to maintain the efficiency ranking of cohort two for the near future.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of the company's capital and operating costs divided by the total number of customers that NT Power serves. In 2020, the cost performance result is \$644 per customer.

NT Power will continue to replace distribution assets proactively along a carefully managed timeframe and in a manner that balances system risks and customer rate impacts as demonstrated in the DSP. NT Power strives to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on NT Power's spending plans.

- **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 circuit-kilometers of powerlines that NT Power operates to serve its customers. NT Power's 2020 rate decreased 4% over 2019 to \$27,641 per km of line. NT Power has experienced cost decreases due to timing issues related to staffing and capital work during the pandemic.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (“CIA’s”) within timelines in accordance with Ontario Regulation 326/09. In 2020, NT Power had no CIA’s related to renewable generation to complete.

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

In 2020, NT Power had one new micro-embedded generation facility, which was connected on time.

Financial Ratios

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

The current ratio is an indicator of financial health with a ratio greater than one indicating that the company is in a good position to pay its short-term debts and financial obligations. The higher the value, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

NT Power’s 2020 current ratio is 1.38 indicating a strong liquidity position.

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

Debt-to-Equity Ratio is an indicator of a company's financial leverage. 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 high debt to equity ratio may indicate that a company may have difficulty generating sufficient cash flows to make its debt payments.

NT Power’s 2019 total debt to equity ratio is 1.12 and is lower than the OEB’s deemed ratio of 1.5. This enables NT Power to manage financing requirements for infrastructure investment due to growth and development of the distribution system.

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

Regulatory rate of return on equity calculation is based on the revenue and cost structure approved in the Cost of Service application within an allowable range of +/- 3%. If a distributor is outside that +/- 3% range, it could trigger a regulatory review of the distributor’s revenues and costs structure. NT Power’s current OEB approved expected (deemed) regulatory return on equity is 9.66%.

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

NT Power’s regulatory return on equity for 2020 was 6.33% which is 0.33% outside of the OEB’s +/- 3% range of deemed return on equity of 9.66%. Increased bad debts resulting from the COVID pandemic contributed to the under earnings in 2020.

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.