

Scorecard - Tillsonburg Hydro Inc.

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	97.60%	99.47%	97.96%	99.56%	100.00%		90.00%		
		Scheduled Appointments Met On Time	98.30%	100.00%	100.00%	98.44%	99.36%		90.00%		
		Telephone Calls Answered On Time	64.00%	84.57%	88.18%	84.59%	0.00%		65.00%		
	Customer Satisfaction	First Contact Resolution	96.87%	99.3	98.62	97.7%	97.2				
		Billing Accuracy	98.91%	99.36%	99.73%	99.83%	99.80%		98.00%		
		Customer Satisfaction Survey Results	satisfied	satisfied	satisfied	satisfied	satisfied				
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	83.00%	81.60%	81.60%	83.70%	83.70%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	NI	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	1.42	1.14	1.83	0.96	1.69			1.22	
		Average Number of Times that Power to a Customer is Interrupted ²	0.77	1.10	2.28	0.56	1.02			1.16	
	Asset Management	Distribution System Plan Implementation Progress	In progress	in progress	in progress	in-progress	in-progress				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$672	\$654	\$718	\$748	\$695				
		Total Cost per Km of Line ³	\$35,562	\$35,137	\$37,620	\$40,406	\$40,648				
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%	33.33%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time				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)	2.03	2.04	1.64	2.82	2.16				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.02	0.05	0.07	0.31	0.42				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	5.75%	9.73%	5.10%	4.74%	2.42%			

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

During 2020, Tillsonburg Hydro Inc. (THI) met most industry targets reported on the Scorecard including improvements over 2019 results in the System Quality metrics. THI continues year-over-year improvements, when considering the Scorecard in entirety.

Service Quality

Tillsonburg Hydro Inc. (THI) strives to provide customer service that exceeds the Ontario Energy Board (OEB) Industry Targets. During 2020, THI continued to exceed the industry targets for all Service Quality measures on the scorecard.

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

THI connected 284 of 284 new services (100.00%) within the 5-business day standard during fiscal 2020; this exceeds the OEB target of 90%.

- **Scheduled Appointments Met On Time**

During fiscal 2020, THI attended 156 of 157 scheduled appointments (99.36%) as scheduled. THI consistently exceeds the OEB target of 90%.

- **Telephone Calls Answered On Time**

Due to a telephone system change and a delay in the implementation of software THI is unable to provide data with respect to this performance category for 2020. THI anticipates that the software will be implemented in the fourth quarter of 2021. THI is confident that the same level of service in the past has been maintained.

Customer Satisfaction

The satisfaction of customers is of high importance to THI. The Customer Satisfaction metrics on the Scorecard exceed OEB industry targets and have been consistent during 2015 through 2020.

- **First Contact Resolution**

THI resolved customer issues 97.20% during the first contact with THI staff during 2020. THI will continue to value customer's time by empowering our staff to resolve customer issues during the first contact.

- **Billing Accuracy**

During 2020, THI produced 97,104 bills and achieved 99.80% accuracy metric. This metric exceeds the 98% industry target set by the OEB and is consistent with historical results.

- **Customer Satisfaction Survey Results**

During 2019, THI conducted an independent Customer Satisfaction Survey to assist in obtaining information relating to Customer Satisfaction. THI's results were consistent with previous Satisfaction Surveys (last performed in 2017) where Customers were "Satisfied" with THI business results.

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. 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**

THI engaged a 3rd party, during 2018 and will be updated in 2021 to survey residents within the THI service territory on the level of public awareness on electrical safety. THI achieved a result of 83.7%. While there is currently not an industry target published by the OEB, peer review of other Local Distribution Companies (LDCs), using our same vendor, show that of 15 LDCs data that was available the safety metrics were between 80.4% and 86.2% with the median score of 83.7%. THI's results are consistent with this group.

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

During 2020, THI has achieved a "C" rating (Compliant).

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

For the years 2013 through 2020 THI has not had any "Serious Electrical Incidents". As a result, the numbers submitted for THI's scorecard by the Electrical Safety Authority are zeros. THI continues to work with ESA to ensure the distributor has done everything necessary to maintain this level of compliance.

System Reliability

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

During 2020, THI reported an increase in the Average number of Hours that Power to a customer is interrupted (SAIDI) compared to 2019. The 2020 results presented a metric of 1.69, which does not meet the distributor target of 1.22.

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

During 2020, THI reported an increase in the Average Number of Times that Power to a customer is interrupted (SAIFI i.e. Frequency) compared to 2019 results. The 2020 results of 1.02 is better than the distributor target of 1.16.

Asset Management

- **Distribution System Plan Implementation Progress**

Tillsonburg Hydro Inc. is in the process of completing our Distribution System Plan and anticipates filing a revised DSP during 2021.

Cost Control

- **Efficiency Assessment**

The OEB contracts with 3rd party vendors to rank LDCs in Ontario on an annual basis. The LDCs are ranked into 1 of 5 efficiency categories with category 1 being the most efficient and 5 being the least efficient. During 2020, THI maintained our ranking of group 3. Group 3 LDC's are defined as having actual costs within +/- 10% of predicted costs. Group 3 is the "average LDC".

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of THI capital and operating costs and dividing this cost figure by the total number of customers that THI serves. THI's total cost per customer in 2020 was \$695, which is an improvement compared to 2019 values, and retains THI within the 3 – Tranche of IRM stretch factors (the average grouping).

- **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 THI operates to serve its customers. THI's total cost per Km of Line in 2020 is \$40,648 based on 132km of line. This is a slight increase compared 2019 values.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

THI has exceeded the energy savings targets set for the program for 2019/2020. The Conservation and Demand Management (CDM) programs will be delivered by the IESO starting January 2021.

Connection of Renewable Generation

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

THI has requests for 2 CIA's during 2020 of which 2 were processed within the prescribed time frame.

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

THI did not connect any new micro-embedded generation facility during 2020.

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 risk to cover the company’s short-term debts and financial obligations.

Tillsonburg Hydro Inc.’s current ratio decreased from 2.82 in 2019 to 2.16 during 2020.

- **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.

THI has a debt to equity structure that is less levered – this is demonstrated by the 2020 debt to equity ratio of 0.42.

Capital investments during 2021 and future years will see this ratio continue to climb towards industry norms.

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

THI’s current distribution rates have been approved by the OEB and include an expected (deemed) regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor’s revenues and costs structure by the OEB.

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

In 2020, the amortization expenses were adjusted to closer reflect the depreciated value of assets. The rates set in the 2013 CoS application no longer uphold the rate of inflation due to an associated 2017-2020 stretch factor of 0.60%. THI has deferred its CoS rebasing for several years due to the significant cost and effort required. Even with the lower Adjusted Operating Expenses in 2020, the result from lower Regulated Net Income and an increased Regulated Deemed Equity is a year over year decline ROE. THI is actively watching the OEB's streamlining of CoS applications for small utilities policy review and will look to rebase its rates under the rules resulting from this review.

THI has achieved the following ROE values as reported through the RRR process: 2015 – 11.02%, 2016 - 5.75%, 2017 - 9.73%, 2018 - 5.10%, 2019 – 4.74%, 2020 – 2.42%. If these are averaged over the 6-year period an average ROE % of 6.46% is achieved. This multi-year average remains within the 3% ROE target band.

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.