

Scorecard - Erie Thames Powerlines Corporation

9/29/2016

| Performance Outcomes  | Performance Categories                      | Measures  | 2011                               | 2012     | 2013     | 2014        | 2015     | Trend | Target   |             |   |
|---|---|---|------------------------------------|----------|----------|-------------|----------|-------|----------|-------------|---|
|   |   |   |                                    |          |          |             |          |       | Industry | Distributor |   |
| <b>Customer Focus</b><br>Services are provided in a manner that responds to identified customer preferences.  | <b>Service Quality</b>                      | New Residential/Small Business Services Connected on Time                     | 99.30%                             | 98.80%   | 98.80%   | 99.40%      | 98.40%   |       | 90.00%   |             |   |
|   |   | Scheduled Appointments Met On Time  | 98.10%                             | 100.00%  | 100.00%  | 100.00%     | 100.00%  |       | 90.00%   |             |   |
|   |   | Telephone Calls Answered On Time  | 98.10%                             | 94.60%   | 95.80%   | 95.50%      | 98.40%   |       | 65.00%   |             |   |
|   | <b>Customer Satisfaction</b>                | First Contact Resolution  |                                    |          |          | 99.7%       | 99.85%   |       |          |             |   |
|   |   | Billing Accuracy  |                                    |          |          | 99.85%      | 99.46%   |       | 98.00%   |             |   |
|   |   | Customer Satisfaction Survey Results  |                                    |          |          | 100 %       | 89%      |       |          |             |   |
| <b>Operational Effectiveness</b><br>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   |                                    |          |          |             | 83.40%   |       |          |             |   |
|   |   | Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>                | NI                                 | C        | NI       | 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       |   |
|   | <b>System Reliability</b>                   | Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>  | 1.53                               | 1.47     | 0.41     | 0.59        | 0.73     |       |          | 0.99        |   |
|   |   | Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>  | 0.75                               | 0.31     | 0.20     | 0.30        | 0.48     |       |          | 0.41        |   |
|   | <b>Asset Management</b>                     | Distribution System Plan Implementation Progress                              |                                    |          |          | In Progress | 94%      |       |          |             |   |
|   | <b>Cost Control</b>                         | Efficiency Assessment   |                                    | 4        | 3        | 3           | 3        |       |          |             |   |
|   |   | Total Cost per Customer <sup>3</sup>  | \$634                              | \$564    | \$610    | \$631       | \$656    |       |          |             |   |
|   |   | Total Cost per Km of Line <sup>3</sup>  | \$35,056                           | \$30,891 | \$32,792 | \$33,707    | \$34,342 |       |          |             |   |
| <b>Public Policy Responsiveness</b><br>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>                                    |                                    |          |          |             | 18.75%   |       |          | 27.63 GWh   |   |
|   | <b>Connection of Renewable Generation</b>   | Renewable Generation Connection Impact Assessments Completed On Time          | 25.00%                             | 100.00%  |          |             | 100.00%  |       |          |             |   |
|   |   | New Micro-embedded Generation Facilities Connected On Time                    |                                    |          | 100.00%  | 92.86%      | 100.00%  |       | 90.00%   |             |   |
| <b>Financial Performance</b><br>Financial viability is maintained; and savings from operational effectiveness are sustainable.  | <b>Financial Ratios</b>                     | Liquidity: Current Ratio (Current Assets/Current Liabilities)                 | 0.67                               | 0.78     | 0.75     | 0.58        | 0.85     |       |          |             |   |
|   |   | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 1.06                               | 1.23     | 1.19     | 1.05        | 1.59     |       |          |             |   |
|   |   | Profitability: Regulatory Return on Equity                                    | Deemed (included in rates)         | 8.68%    | 9.12%    | 9.12%       | 9.12%    | 9.12% |          |             |   |
|   |   |   | Achieved                           | 4.41%    | 8.43%    | 11.80%      | 10.63%   | 9.39% |          |             |   |

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 fixed 5-year (2010 to 2014) average 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 new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

**Legend:**

5-year trend  
 up down flat

Current year  
 target met target not met

## Appendix A – 2015 Scorecard Management Discussion and Analysis (“2015 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 2015 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 2015, Erie Thames Powerlines performed exceptionally well with respect to its targets and improved many of its results when compared to its 2014 performance. Bad weather and increasing failure rates for aging distribution assets resulted in a slight decrease in reliability measures for 2015. However, Erie Thames remains well under the former mandated targets and continues to provide excellent reliability for its customers that is significantly better than the industry average.
- Erie Thames undertook its first customer satisfaction survey in 2015. Our customers (that completed the survey) were all extremely satisfied with Erie Thames’ performance. It is important to note that a comparison with the 2014 should not be made given that the 2014 survey focused solely on the DSP and not general customer satisfaction.
- Erie Thames Powerlines 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 2015 Erie Thames Powerlines connected 98.4% of its 189 new residential and small businesses to the distribution system within the required 5 day window that has been determined by the Ontario Energy Board. This result is not material different that previous years as Erie Thames continues its solid performance over the past five years with this measure. Given the relatively small number of new connections annually that are dealt with by Erie Thames staff it is expected that the current level of performance will be easily maintained until such a time that there is a significant increase in the number of new connections required.

- **Scheduled Appointments Met On Time**

Erie Thames Powerlines scheduled 12 appointments with its customers in 2015 to complete work requested by customers. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2015 Erie Thames Powerlines customer service staff received approximately 27,545 calls and achieved a service level of 98.4% in answering those calls within 30 seconds, while only 1.6% 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. Erie Thames will look to continue with its excellent call center performance in 2016 and strive to reduce the number of abandoned calls experienced by our customers.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2015 so that information can be reported in 2016. The OEB plans to review 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 Erie Thames Powerlines, 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 99.8% of customers' issues were dealt with on first contact. Erie Thames continues to review its tracking of this measure and will adjust how the data is compiled and expects that its 2016 performance will decrease due to more effective tracking of this measure.

- **Billing Accuracy**

Until July 2015 a specific measurement of billing accuracy had not been previously defined across the industry. After consultation with some electricity distributors, the Ontario Energy Board (OEB) has prescribed a measurement of billing accuracy which must be used by all electricity distributors effective October 1, 2015.

For the year 2015 Erie Thames Powerlines issued 224,578 bills and achieved a billing accuracy of 99.46%. This compares favourably to the prescribed OEB target of 98%.

Erie Thames Powerlines 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.

Erie Thames undertook its first customer satisfaction survey in 2015 and determined that its customers were 89% satisfied with its performance on a variety of measures. Erie Thames Powerlines customers indicated that improvements can be made to better communicate planned outages, improvements can also be made with respect to billing with educating our customers with respect to options available to them for payments, delivery of bills and general understanding of bills, finally a few customers felt our website needed to be updated however it is not clear if they have visited the newly launched website that went live shortly before the survey.

## Safety

- **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**

In 2015 Erie Thames Powerlines completed its survey of its customers with respect to public awareness of Electrical Safety. Erie Thames 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 83.4% of Erie Thames customers have strong awareness of electrical safety. Erie Thames will continue to work within its communities to ensure that this metric continues to improve in the future.

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

In 2014 and 2015, Erie Thames Powerlines 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.

In 2013, Erie Thames Powerlines was given a score of Needs Improvement in compliance with Ontario Regulation 22/04 (Electrical Distribution Safety). This score was given due to an interpretation issue with respect to the ESA requirement to ground utilizing a metal guard. The ESA resolved with Erie Thames Powerlines that the grounding was not required with the specifications used by Erie Thames but the resolution was not obtained until after the 2013 results were published.

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

Erie Thames Powerlines has no reported serious incidents from 2010 to 2015. Erie Thames 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**

Erie Thames Powerlines had a slight increase in 2015 of the number of hours that power to a customer is interrupted. The number of outage hours is still on the low side of the former target range provided by the Ontario Energy Board. Erie Thames results fell within the new LDC specific requirement of 0.99 for SAIDI however there has been an increase over the past two years that needs to be managed to ensure the trending is not a systemic issue within ETPL's distribution system as opposed to significant one time anomalous events.

Erie Thames Powerlines 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 Erie Thames is dedicated to upgrading its assets to 27.6 kV in order to reduce its reliance on substations and thereby ensure that its reliability continue to be above average as aging stations are retired. This, combined with the Erie Thames Powerlines' senior management team's 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 Erie Thames' system.

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

Erie Thames average number of times that power to a customer is interrupted has increased slightly but is still at the low end of the former range of acceptable results set by the Ontario Energy Board. However, when compared to the new distributor specific target of 0.41 Erie Thames was marginally above the target and therefore is showing that this target is not met. While the result is portrayed as a target that is not met the results that Erie Thames has achieved with respect to SAIFI are still excellent results and are well below the industry average results for 2015 of 1.08 as calculated utilizing yearbook data.

Erie Thames 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 continue to escalate to a point that it becomes an issue.

## **Asset Management**

- **Distribution System Plan Implementation Progress**

Erie Thames Powerlines has substantively completed its DSP and while it has not been filed with OEB as part of a COS filing it has become the guiding document for tracking our capital spend beginning in 2015. Erie Thames 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 2015 Erie Thames spent approximately 94% of the dollars planned to be invested into its distribution system.

Erie Thames will continue to file percentage completion annually as part of its RRR scorecard.

## **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 2015, for the second year in a row, Erie Thames Powerlines 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, Erie Thames Powerlines costs are within the average cost range for distributors in the Province of Ontario. In 2015, 45% (33 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 26% were ranked as “least efficient. Although Erie Thames Powerlines forward looking goal is to advance to the “more efficient” group, management’s expectation is that efficiency performance will not decline.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Erie Thames Powerlines capital and operating costs and dividing this cost figure by the total number of customers that Erie Thames serves. The cost performance result for 2015 is \$656 /customer which is a 3.9% increase over 2014.

Erie Thames Powerlines Total Cost per Customer has increased by only 3.5% since 2010 despite the increase in 2015 over 2014. Similar to most distributors in the province, Erie Thames Powerlines has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, 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 Erie Thames has succeeded in keeping its cost of operations relatively flat and in doing so has been able to change its efficiency rating from 4 to 3. Erie Thames Powerlines 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 Erie Thames Powerlines operates to serve its customers. Erie Thames 2015 rate is \$34,342 per Km of line, a 1.9% increase over 2014. However since 2010 the cost per kilometer of line has reduced by 2.0% due to the same cost drivers as detailed in the total cost per customer and a relatively static number of kilometers of line required to service Erie Thames customers between 2014 and 2015. This increase in cost per kilometers of line from 2010 to 2015 is due in part to an increase in assets but can be directly attributable to the implementation of GIS and a more accurate recording of its assets.

## Conservation & Demand Management

- **Net Cumulative Energy Savings (Percent of target achieved)**

Erie Thames Powerlines is pleased that it is progressing well towards achieving its target of 27.63 GWH in the 2015-2020 CDM framework. While our results in 2015 are not exactly one years' worth of saving prorated on a linear basis it is important to note that Erie Thames is in fact ahead of the results it had expected to achieve in the first year as filed in its official plan with the IESO.

Erie Thames is confident that it has the programs in place and the targeted achievable potential to reach its lofty savings goal by the end of the framework.

## Connection of Renewable Generation

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

Erie Thames Powerlines is pleased to report that it completed all of its connection impact assessments on time in 2015.

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

In 2015, Erie Thames Powerlines connected 5 new micro-embedded generation facilities (microFIT projects of less than 10 kW) 100% of time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Erie Thames Powerlines works closely with its customers and their contractors to tackle any connection issues to ensure the project 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”. 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.

Erie Thames Powerlines current ratio improved from 0.58 to 0.85 in 2015 as a result of restructuring its debt which moved it from current to long term and in May of 2015 Erie Thames also began to recover a large amount of regulatory assets in 2015 which managed to significantly improve cash flow. Erie Thames will continue to monitor its liquidity to ensure that it continues to improve in order to meet its 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. Erie Thames Powerlines 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 2015 debt to equity ratio of 1.59.

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

Erie Thames Powerlines current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.12%. 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**

Erie Thames Powerlines return achieved in 2015 was 9.39%, which is well within the +/-3% range allowed by the OEB. The average return over the past 3 years was 10.6% which is also well within return included in Erie Thames Powerlines approved rates. Erie Thames Powerlines achieved returns higher than the deemed rate in 2013 and 2014 mainly due to higher revenue than forecast, as a result of increased energy consumption; and effective control of its operating costs.

## Note to Readers of 2015 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.