

Scorecard - Grimsby Power Inc.

9/21/2017

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b>  Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	100.00%	100.00%	97.70%	98.30%	98.60%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	93.90%	94.10%	100.00%		90.00%		
		Telephone Calls Answered On Time	85.50%	87.00%	69.30%	65.30%	70.00%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution			99.79%	99.93%	99.94%				
		Billing Accuracy			99.98%	99.97%	99.98%		98.00%		
		Customer Satisfaction Survey Results			92.00%	92%	75.4%				
<b>Operational Effectiveness</b>  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				82.00%	82.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	C	C	NI	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>	1.23	2.38	0.73	0.37	0.55			1.89	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.73	1.70	0.52	0.16	0.69			1.25	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress			76.90%	84.00%	88.73%				
	<b>Cost Control</b>	Efficiency Assessment	2	2	2	2	2				
Total Cost per Customer <sup>3</sup>		\$568	\$538	\$554	\$575	\$611					
Total Cost per Km of Line <sup>3</sup>		\$25,010	\$23,739	\$24,953	\$26,284	\$27,753					
<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).	<b>Conservation &amp; Demand Management</b>	Net Cumulative Energy Savings <sup>4</sup>				25.85%	48.69%			10.85 GWh	
	<b>Connection of Renewable Generation</b>	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%		
<b>Financial Performance</b>  Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.30	1.32	0.76	0.71	0.60				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.25	1.07	1.27	1.73	1.60				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.42%	9.42%	9.42%	9.19%			
			Achieved	12.04%	7.20%	5.89%	2.01%	2.39%			

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.

**Legend:**

5-year trend

up down flat

Current year

target met target not met

## 2016 Scorecard Management Discussion and Analysis (“2016 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 2016 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard\\_Performance\\_Measure\\_Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf)

### Scorecard MD&A - General Overview

Grimsby Power Incorporated is committed to providing the residents and businesses of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. In 2016 Grimsby Power once again exceeded all performance targets. Of note Grimsby Power has achieved almost 49% of the 2015 – 2020 energy savings target after only two years of the Conservation First Framework.

#### Service Quality

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

In 2016, Grimsby Power Inc. connected 98.60% of the 73 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). Grimsby Power Inc. contributes the continued high rating in this category to an emphasis on customer service.

- **Scheduled Appointments Met On Time**

Grimsby Power Inc. met 100% of its scheduled appointments with customers in 2016. The appointments included cut and reconnects (upgrades to customer owned equipment) and any other related work requested by customers. Grimsby Power has consistently exceeded the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2016 the customer service representatives at Grimsby Power Inc. received over 7,800 calls from its customers. A representative answered a call within 30 seconds in 70% of these calls. This result surpasses the OEB-mandated target of 65% for timely call response. In 2016 there was a slight decrease in the number of telephone calls received over 2015. The decrease in the number of calls along had an impact on the number of calls answered within 30 seconds in comparison to 2015. In 2016 the percentage of calls answered within 30 seconds increased by almost 5% compared to 2015.

Although there were relatively fewer new customers Grimsby Power continues to see a high volume of move in/out throughout the year. Grimsby Power representatives receive complex enquires related to e-billing, energy use, electricity prices, conservation and low income programs.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been defined across the industry. The Ontario Energy Board (OEB) had instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014. 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 Grimsby Power Inc., the First Contact Resolution measure is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives for the period January 1, 2016 to December 31, 2016. From January 1<sup>st</sup> to December 31<sup>st</sup> just over 7,800 calls were received and only five of those calls required the attention of management. This meant that 99.94% of customer related issues could be resolved by our customer service representatives. Continued focus on customer service and continued awareness of customer needs through customer satisfaction surveys empowers our human resources to have continued success in first contact resolution.

- **Billing Accuracy**

Until July 2014 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, 2014.

For the period from January 1, 2016 – December 31, 2016 Grimsby Power issued 135,541 bills and achieved a billing accuracy of 99.98%. This compares favorably to the prescribed OEB target of 98%.

Grimsby Power Inc. continues to strive for excellence in billing accuracy results and continues its ongoing effort to recognize any issues that may arise and 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. In 2016 Grimsby Power utilized standard questions and methodologies developed by the Innovative Research Group for the Electricity Distributors Association (EDA).

In 2016, Grimsby Power Inc. engaged a third party to conduct a customer satisfaction survey. This customer satisfaction survey provided information that supports discussions around improving customer service within all departments and levels at Grimsby Power Inc. The survey asks customers questions on a wide range of topics, including: overall satisfaction with Grimsby Power, reliability, customer service, outages, energy conservation, and billing. The result of the survey was an overall customer satisfaction index of 75.4%. Through the survey Grimsby Power Inc. customers identified price, service and billing as three main areas in need of improvement. In 2017 the Ontario Fair Hydro Act was introduced which brought significant savings to the bills of energy consumers. In 2017 Grimsby Power has initiated further customer engagement activities to address service and billing concerns.

## Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced this 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 2016 Grimsby Power Inc. engaged a third party to launch the new public awareness survey among a representative sample of the Town's population. The survey gauges the awareness level of key electrical safety concepts related to distribution assets and was based on a template survey provided by the Electrical Safety Authority (ESA). Grimsby Power's Public Safety Awareness Score is 82%.

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

Since 2010 Grimsby Power Inc. was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety which includes adherence to design standards and GPI's construction verification program which ensures that the construction work matches the design standards. 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. In 2015 Grimsby Power received a "Needs Improvement" (NI) rating. Grimsby Power corrected the identified issue and remained committed to safety and compliance with all applicable regulations. In 2016 Grimsby Power received an improved rating of "Compliant" (C).

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

Grimsby Power has had zero incidents involving the general public.

## System Reliability

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

Grimsby Power's current five year average target for the average number of hours that power to a customer is interrupted is 1.89. In 2016 there was a slight increase in the number of hours of interrupted power from 0.37 in 2015 to 0.55 in 2016. In achieving a 0.55 Grimsby Power inc. far surpassed the distributor target of 1.89. Continued focus on system reliability through planned maintenance and capital investments in infrastructure will ensure Grimsby Power Inc. continues to surpass its target.

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

Grimsby Power Inc's average number of times that power to a customer is interrupted was 0.69 in 2016. This is well below the distributor target of 1.25. The increase in 2016 from 0.16 in 2015 was due to an increase in lightning strikes and fallen trees.

## Asset Management

- **Distribution System Plan Implementation Progress**

Grimsby Power submitted a Distribution System Plan (DSP) with its 2016 Cost of Service Application. The consolidated five year Distribution System Plan (DSP) submitted with the application began in 2016. The DSP serves to outline how Grimsby Power Inc will develop, manage and maintain its distribution system equipment to provide a safe, reliable, efficient and cost effective distribution system. The percentage of Grimsby Power's distribution system plan progress by December 31, 2016 was 88.73%. This percentage was determined using a weighted completion percentage.

## Cost Control

- **Efficiency Assessment**

The relative efficiency of LDC's is evaluated annually by the Pacific Economics Group LLC for the OEB. This evaluation is part of the OEB's rate setting parameters and benchmarking under the renewed regulatory framework for Ontario's electricity distributors. Each LDC is ranked by a "stretch factor" into five different groups which reflect the potential for incremental productivity gains in each LDC. In 2016, for the sixth year in a row, Grimsby Power Inc. was placed in Group 2. A Group 2 distributor is defined as having actual costs 10 to 25 percent below predicted costs. A Group 2 utility is considered "more efficient" – in other words, Grimsby Power's continued focus on reasonable costs has made the LDC more cost effective.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Grimsby Power's capital and operating costs and dividing this cost by the total number of customers that Grimsby Power serves. The cost performance result for 2016 is \$611/customer. This is a \$43 increase over five years.

Grimsby Power has experienced an increase in its total costs required to deliver quality and reliable services to customers. Growth in employee compensation costs, as well as investments in new information technology systems along with the renewal and growth of the distribution system, have all contributed to increase operating and capital costs. Grimsby Power will continue to replace distribution assets proactively and in conjunction with its Distribution System Plan in a manner that evaluates risks and impacts on customer rates.

- **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 Grimsby Power operates to serve its customers. Grimsby Power's 2016 rate is \$27,753 per Km of line. Grimsby Power continues to see low growth in its total kilometers of lines and an increased growth in capital additions due to an increase in residential subdivision development relative to past years. Typically these developments "lie along" existing distribution lines and this keeps the total kilometers of line low whereas the density of the customer base increases. This causes the cost per Km of line to increase. It has increased at an average rate of 5% per year since 2010.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Grimsby Power is pleased to have achieved over 48% of its total plan target after two years in the Conservation First Framework. Grimsby Power has been allocated a total plan target of 10,850,000 kWhs. This amount of energy savings is to be achieved from 2015 to 2020. In 2016 only eight LDC's achieved a higher percentage of their allocated target. Our successful achievement was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

## 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 if there is no distribution system reinforcement or expansion required and within 90 days if there is distribution system reinforcement or expansion required. Grimsby Power did not have any CIA's submitted for completion in 2016.

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

In 2016, Grimsby Power connected three new micro-embedded generation facilities (microFIT projects of less than 10 kW). The connections were completed within the prescribed time frame of five business days 100% of the time. The minimum acceptable performance level for this measure is 90% of the 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.

Grimsby Power's current ratio has decreased slightly from 0.71 in 2015 to 0.60 in 2016. In 2016 Grimsby Power continued to see increased spending on capital expenditures. In 2016 there was also a large increase in customer deposits due to new developments. The continued capital development and increased customer projects further deteriorated Grimsby Power's liquidity.

- **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 debt to equity ratio that is higher than 1.5 may indicate that an electricity distributor could 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. Grimsby Power continues to move towards a debt to equity structure that closely matches the deemed 60% to 40% capital mix. In 2016 Grimsby Power moved closer to the above the 60/40 split by moving its total debt to equity ratio from 1.73 in 2015 to 1.60 in 2016. The current 1.60 debt to equity ratio represents approximately 62% debt and 38% equity.

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

Grimsby Power Inc's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.19%. This deemed rate was determined through the rate application process in 2016 (EB-2015-0072). The OEB monitors the achieved regulatory return on equity and if an LDC achieves +/- 3% of their deemed regulatory return on equity the OEB may make further inquiries with distributors.

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

Grimsby Power Inc's achieved regulated return in 2016 was 2.39%, which is outside the OEB range of +/-3%. The achieved regulatory return is lower than the deemed ROE due to operation expenses being higher than the 2016 OM&A covered in distribution rates and having lower revenues to do 2016 rates becoming effective late in the year.

## Note to Readers of 2016 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.