

Scorecard - Grimsby Power Incorporated

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	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%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	72.40%	77.80%	85.50%	87.00%	69.30%		65.00%		
	Customer Satisfaction	First Contact Resolution						99.79%			
		Billing Accuracy						99.98%		98.00%	
		Customer Satisfaction Survey Results						92.00%			
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 [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	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	3.00	2.09	1.23	2.38	0.73			at least within 1.23 - 3.00	
		Average Number of Times that Power to a Customer is Interrupted	1.06	1.24	1.73	1.70	0.52			at least within 1.06 - 1.73	
	Asset Management	Distribution System Plan Implementation Progress						76.90%			
	Cost Control	Efficiency Assessment			2	2	2				
Total Cost per Customer ¹		\$483	\$517	\$568	\$538	\$554					
Total Cost per Km of Line ¹		\$20,349	\$22,193	\$25,010	\$23,739	\$24,953					
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).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) ²		24.65%	40.19%	50.49%	55.44%			2.06MW	
		Net Cumulative Energy Savings (Percent of target achieved)		53.60%	91.58%	123.10%	137.08%			7.76GWh	
	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%			90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.73	1.28	1.30	1.32	0.76				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.20	1.18	1.25	1.07	1.24				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.00%	9.42%	9.42%	9.42%			
			Achieved		2.35%	12.04%	7.20%	5.89%			

Notes:

- These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
- The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend:

- up
- down
- flat
- target met
- target not met

Appendix A – 2014 Scorecard Management Discussion and Analysis (“2014 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 2014 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

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 2014 Grimsby Power Incorporated exceeded all performance targets with the exception of one measure under Conservation and Demand Management. Grimsby Power Inc. is committed to energy conservation and continues to promote energy savings in each target market.

Service Quality

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

In 2014, Grimsby Power Inc. connected 100% of the 407 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) despite a nearly 50% increase in the number of connections from 2013. Grimsby Power Inc. contributes the continued 100% rating in this category to a continued emphasis on customer service.

- **Scheduled Appointments Met On Time**

Grimsby Power Inc. scheduled 60 appointments with its customers in 2014 to complete work requested by customers. This includes cut and reconnects (upgrades to customer owned equipment) and any other related work requested by customers. Consistent with each year since 2010, the utility met 100% of these appointments on time, which exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2014 the customer service representatives at Grimsby Power Inc. received over 5,600 calls from its customers. A representative answered a call in 30 seconds or less in nearly 70% of these calls. This result exceeds the OEB-mandated 65% target for timely call response. In 2014 the representatives at Grimsby Power received nearly 50% more telephone calls than 2013. The increase in the number of calls along with an increase in the complexity of customer inquires resulted in a 17% decrease in calls answered within 30 seconds from 2013. The increased volume of calls was due to an increase in the number of new connections and a large volume of customer moves within the Town of Grimsby. The increased complexity of calls is a result of increased customer awareness of changes within the electricity industry and the increase in web enabled processes where representatives are helping customers complete forms, navigate e-billing processes and use the MyHydroEye product. Grimsby Power is committed to customer service and continues to promote the use of e-services through promotional contests and communications to help reduce the number of calls to the utility.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The Ontario Energy Board (OEB) has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. 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 July 1, 2014 to December 31, 2014. From July 1st to December 31st nearly 2,900 calls were received and only 6 of those calls required the attention of management. This meant that 99.79% of customer related issues could be handled by our customer service representatives. Continued education in 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 October 1, 2014 – December 31, 2014 Grimsby Power issued more than 33,000 bills and achieved a billing accuracy of 99.98%. This compares favorably to the prescribed OEB target of 98%.

Grimsby Power 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. At this time the Ontario Energy Board is allowing electricity distributors discretion as to how they implement this measure.

In 2014, Grimsby Power engaged a third party to conduct a customer satisfaction survey. This customer satisfaction survey provided information that supports discussions around improving customer service at all levels and departments within 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, billing and corporate image. The result of the survey was 92% of Grimsby Power customers were “very + fairly satisfied”. This result exceeded the overall Ontario score of 83% in the same category. An identified area of concern was communication surrounding power outages. To respond to this concern Grimsby Power is evaluating the use of increased technology to have increased notification to customers regarding power outages and to keep customers informed with status updates.

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. will engage a third party company to launch the new public awareness survey among a representative sample of the Town's population. The survey will gauge awareness levels of key electrical safety concepts related to distribution assets and will be based on a template survey provided by the Electrical Safety Authority (ESA.) The survey will provide a benchmark of levels of awareness including identifying gaps where additional education and awareness efforts may be required. **Note, this component of the public safety measure will not have performance data for the 2014 scorecard because the survey result is not available. The year 2017 will be the first year that the data for this component of measure will be shown on the scorecard for the 2016 results.**

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

Over the past five years, 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. 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**

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 Inc. experienced a significant decrease in the average number of hours that power to a customer was interrupted during 2014. The 2014 figure for the Average Number of Hours that Power to a customer was interrupted was 0.73. The target set out by the OEB is a range of 1.23 – 3.00. Grimsby Power is well below the target band. Grimsby Power continues to focus on system reliability through planned maintenance and capital investments in infrastructure.

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

Grimsby Power's Average Number of Times that Power to a Customer is Interrupted was 0.52. This is below the lowest target range of 1.06. Investment in infrastructure and a reduced impact of serious storms in 2014 reduced the number of times power was interrupted.

Asset Management

- **Distribution System Plan Implementation Progress**

Grimsby Power plans to file an application with the OEB for a full review of its rates effective January 1, 2016. Accordingly, Grimsby Power is in the process of finalizing its Distribution System Plan (“DSP”).

In 2014 Grimsby Power Inc. did not have a formal Distribution System Plan and reported the percentage of Grimsby Power capital projects that had been completed. Grimsby Power reported 76.90% completion of capital projects at December 31, 2014. This percentage was determined by using a weighted completion percentage for capital projects.

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 2014, for the third year in a row, Grimsby Power 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 efficient. In 2014, 45% (33 distributors) of the Ontario distributors were ranked as “average efficiency”; 29% were ranked as “more efficient”; 26% were ranked as “least efficient.”

- **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 2014 is \$554/customer which is a 2.97% increase over 2013.

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 increased 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. This will be demonstrated in our 2016 rate application.

- **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 2014 rate is \$24,953 per Km of line. Grimsby Power has experienced low growth in its total kilometers of lines and an increased growth in capital additions due to a large 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 and it has increased at an average rate of 4.5% per year since 2010.

Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved)**

Grimsby Power achieved 55.4% of its Net Annual Peak Demand Savings target by the end of 2014 while province wide only 69.8% of the target was met.

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

Grimsby Power is pleased to have achieved 137% of its four-year net cumulative energy savings target by the end of 2014. 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. In 2014, Grimsby Power completed one CIA and it was done within the prescribed time limits.

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

In 2014, Grimsby Power connected 4 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.

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 decreased from 1.32 in 2013 to .76 in 2014. The Company’s objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balance and cash flows generated from operations to meet its requirements. The current ratio is indicative of increased spending on capital expenditures due to increased growth in the community and in particular the increase in residential subdivision development. The use of a short term note bearing only interest also affected the 2014 liquidity ratio. Had this note had been taken on a long term basis our liquidity would have been in line with 2010-2013 ratios.

- **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. Grimsby Power continues to move towards a debt to equity structure that closely matches the deemed 60% to 40% capital mix as set out by the OEB. In 2014 Grimsby Power moved closer to the 60/40 split by moving its total debt to equity ratio from 1.07 in 2013 to 1.24 in 2014.

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

Grimsby Power’s current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.42%. This deemed rate was determined through the rate application process in 2012 (EB-2011-0273). 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’s achieved regulatory return on equity in 2014 was 5.89%. The achieved regulatory return on equity was lower than deemed in 2014 due to a slight increase in operating expenses and an abnormally large increase in fixed assets caused by increased growth in residential subdivision development. The average regulatory return over the past 3 years was 8.38% which is well within the +/- 3% deadband that the OEB expects distributors to stay within.

Note to Readers of 2014 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.