

Scorecard - Tillsonburg Hydro Inc.

8/13/2024

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	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	99.56%	100.00%	99.51%	95.34%	100.00%		90.00%		
		Scheduled Appointments Met On Time	98.44%	99.36%	98.21%	99.33%	98.60%		90.00%		
		Telephone Calls Answered On Time	84.59%	0.00%	0.00%	98.68%	99.29%		65.00%		
	Customer Satisfaction	First Contact Resolution	97.7%	97.2	97.7%	94.7%	96.9				
		Billing Accuracy	99.83%	99.80%	97.60%	99.70%	99.85%		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	83.70%	83.70%	83.70%	86.00%	86.00%				
		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	0.96	1.69	0.53	0.95	0.21			1.22	
		Average Number of Times that Power to a Customer is Interrupted ²	0.56	1.02	0.37	0.99	0.26			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	2	2				
		Total Cost per Customer ³	\$748	\$695	\$686	\$703	\$762				
		Total Cost per Km of Line ³	\$40,406	\$40,648	\$39,137	\$39,997	\$43,880				
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	New Micro-embedded Generation Facilities Connected On Time	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)	2.82	2.16	1.49	1.12	1.66				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.31	0.42	0.41	0.40	0.63				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	4.74%	2.42%	1.43%	-0.32%	3.52%			

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

Tillsonburg Hydro Inc. provides delivery of electricity, billing and maintenance services to the residents of the Town of Tillsonburg. THI's goal is to provide a personal and exceptional level of service. We have THI's office open to serve the public along with staff and equipment located locally to quickly respond to the needs of the community. During 2023, Tillsonburg Hydro Inc. (THI) met the industry targets reported on the Scorecard including some improvements over 2022 results in the System Quality metrics. THI continues year-over-year improvements, when considering the Scorecard in its entirety.

Service Quality

Tillsonburg Hydro Inc. (THI) strives to provide customer service that exceeds the Ontario Energy Board (OEB) Industry Targets. During 2023, 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 106 of 106 new services (100%) within the 5-business day standard during fiscal 2023; this exceeds the OEB target of 90%.

- **Scheduled Appointments Met On Time**

During fiscal 2023, THI attended 562 of 570 scheduled appointments (98.60%) as scheduled. THI consistently exceeds the OEB target of 90%.

- **Telephone Calls Answered On Time**

THI has improved the level of service for the prior year, answering 99.29% of calls with the 30-second time period.

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 2019 through 2023.

- **First Contact Resolution**

THI resolved customer issues 96.9% during the first contact with THI staff during 2023. THI will continue to value customer's time by empowering THI's staff to resolve customer issues during the first contact.

- **Billing Accuracy**

During 2023, THI produced 101,350 bills and achieved 99.85% accuracy metric. This metric exceeds the 98% industry target set by the OEB.

- **Customer Satisfaction Survey Results**

During 2023, 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 2019) where Customers were "Satisfied" with THI's 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 2022 to survey residents within the THI service territory on the level of public awareness on electrical safety. THI achieved a result of 86.0%. While there is currently not an industry target published by the OEB, peer review of other Local Distribution Companies (LDCs), using THI's same vendor, show that of 14 LDCs data that was available the safety metrics had an average score of 83.8%. THI's results are above average of with this group. The next survey is being completed in 2024.

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

The ESA report was issued on July 4, 2024 for the audit period of May 1, 2023 to April 30, 2024 in which THI has achieved a "C" rating (Compliant).

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

For the years 2019 through 2023 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 2023, THI reported a decrease in the Average number of Hours that Power to a customer is interrupted (SAIDI) compared to 2022. The 2023 results presented a metric of 0.21, which exceeds the distributor target of 1.22.

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

During 2023, THI reported a decrease in the Average Number of Times that Power to a customer is interrupted (SAIFI i.e. Frequency) compared to 2022 results. The 2023 results presented a metric of 0.26, which exceeds the distributor target of 1.16.

Asset Management

- **Distribution System Plan Implementation Progress**

Tillsonburg Hydro Inc. is in the process of completing THI's Distribution System Plan and anticipates filing a revised DSP in 2024 as part of its cost of service rate application.

Cost Control

- **Efficiency Assessment**

The OEB contracts with 3rd party vendors to rank LDCs in Ontario on an annual basis. The LDC's are ranked into 1 of 5 efficiency categories with category 1 being the most efficient and 5 being the least efficient. During 2023, THI maintained THI's ranking, remaining in Group 2. Group 2 LDC's are defined as having actual costs 10% to 25% below 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 2023 was \$762, which is an increase compared to 2022 values.

- **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 2023 is \$43,880 based on 146km of line. This is an increase compared 2022 values.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**
THI had no requests for CIA's during 2023.
- **New Micro-embedded Generation Facilities Connected On Time**
THI had no new micro-embedded generation facilities completed during 2023.

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 increased from 1.12 in 2022 to 1.66 during 2023.

- **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 2023 debt to equity ratio of 0.63.

Capital investments during 2024 and future years using debt financing 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**

The rates set in the 2013 Cost of Service application no longer uphold the rate of inflation due to an associated 2017-2022 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 small increase in Adjusted Operating Expenses and higher Regulated Net Income, the result of increased Regulated Deemed Equity is a year over year decline ROE. THI has filed a cost of service rate application in 2023 for rates effective 2024.

THI has achieved the following ROE values as reported through the RRR process: 2019 = 4.74%, 2020 = 2.42%, 2021 = 1.43%, 2022 = (0.32%), 2023 = 3.52%. The ROE has been impacted by increased capital and operating costs that are not being recovered in THI's current rates.

Note to Readers of 2023 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.