

Scorecard - Hydro 2000 Inc.

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	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%	➡	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	98.80%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	99.40%	99.60%	99.70%	100.00%	99.95%	⬆️	65.00%		
	Customer Satisfaction	First Contact Resolution	95%	95%	92%	99.00%	95.82%	➡			
		Billing Accuracy	99.86%	99.98%	99.93%	99.95%	99.87%	⬆️	98.00%		
		Customer Satisfaction Survey Results	97%	97%	98%	99.00%	91.48%				
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%	83.00%	99.00%	99.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	NC	NC	⬇️		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	0.01	0.03	0.00	0.00	0.04	⬇️		0.78	
		Average Number of Times that Power to a Customer is Interrupted ²	0.01	0.06	0.00	0.00	0.81	⬇️		0.40	
	Asset Management	Distribution System Plan Implementation Progress	in progress	30%	45%	25.00%	25%				
	Cost Control	Efficiency Assessment	3	3	2	2	2				
		Total Cost per Customer ³	\$480	\$545	\$496	\$565	\$544				
		Total Cost per Km of Line ³	\$27,930	\$31,773	\$31,348	\$33,741	\$32,704				
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 Cumulative Energy Savings ⁴		5.93%	25.15%	52.40%	63.00%			1.36 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.74	1.75	1.07	0.77	2.00				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.05	0.00	0.01	0.30	0.00				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	9.12%	9.12%	9.12%			
			Achieved	31.78%	11.22%	5.25%	-6.52%	-7.16%			

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 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 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend:

5-year trend
 ⬆️ up ⬇️ down ➡ flat

Current year
 ● target met ● target not met

H2000 Inc.

2018 Scorecard Management Discussion and Analysis (“2018 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 2018 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2018, Hydro 2000 Inc. (“H2000”) either met all performance targets or exceeded most performance targets. H2000 continues to seek new cost control measures leading to improvements in cost per customer which continued in 2018. Going forward, the utility continued to seek cost saving solution and promoting cost sharing with neighboring utilities.

Service Quality

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

H2000 had eight eligible low-voltage residential and small business customers connection requests (those utilizing connections under 750 volts). All were connected within 5 working days.

- **Scheduled Appointments Met on Time**

In 2018, H2000 scheduled 56 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. 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 2018, H2000 customer service received 2,209 calls from its customers. An agent answered a call in 30 seconds or less in 99.95% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2018 result is relatively the same as in 2017. H2000’s goal is to ensure that this measure will continue be the best possible in future years.

Customer Satisfaction

- **First Contact Resolution – Customer Satisfaction Survey**

H2000 tracks its "First Contact Resolution" metric using its customer satisfactions survey. In order to comply with this requirement, the utility used an average of the following survey questions below. The utility is of the opinion that the results reflect accurate results.

- 1) During the past 12 months, have you contacted the utility's customer service for any information or assistance?
- 2) Thinking about your most recent contact with H2000, did the customer care representative provide you with the
- 3) If not, what information did you need that the customer care representative did not provide?
- 4) Overall, how would you rate the customer care representative's performance in handling your request for information?

The utility reported results of 99%.

- **First Contact Resolution – Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2018 – December 31, 2018, H2000 issued more than 14,930 bills and achieved a billing accuracy of 99.87%. This result is in line with the prescribed OEB target of 98%. H2000 continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

H2000 conducted a customer satisfaction survey in March and April of 2019. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options.
- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.
- Customer support for greater use of renewable energy.
- Customer opinions regarding how aggressively sustainable practices should be pursued.

- Cost of Electricity.
- Overall Performance.

The utility used Survey Monkey to publish its survey and posted it on its website. A bill insert communicating the survey and prize was included in all bills. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. With those parameters, the recommended sample size was determined to be 325. The margin of error is a measure of the precision of a sample estimate of the population value. It uses probability to demonstrate the precision of a sample estimate by providing a range of values in which a sample value would be expected to fall. In general, the margin of error provides a 95% confidence interval. The utility received a total of 382 responses. Therefore, the survey is representative of the public opinion or Although the survey falls short of the confidence level, H2000 feels that the results are representative of the utility's customers.

The survey was conducted April of 2019 and yielded a customer satisfaction ranking of 91.48%.

The utility intends on continuing surveying its customers on a bi-annual basis in an effort to monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

H2000 is scheduled to conduct its bi-annual customer satisfaction survey at the end of 2020. The new results will be reported in its 2020 MD&A

Safety

- **Component A – Public Awareness of Electrical Safety**

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of key electrical safety precautions among public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The utility conducted an online survey between January 12, 2018, to April 15, 2018. 95 respondents completed the survey which resulted in an 99% score on Public Awareness. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

As a licensed distributor, H2000 must comply with Ontario Regulation 22/04 Electrical Distribution Safety and compliance with this regulation is subject to annual Audits and Declarations of Compliance. Although H2000 has established good working practices and procedures, H2000 did not comply with Ontario Regulation 22/04 and has not reported satisfactory Audits. The item raised was rather technicality regarding the paperwork. No significant items raised from these inspections.

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

H2000 did not have any serious electrical incident to report in 2018.

System Reliability

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

H2000 experienced a decline in its score in 2018 in comparison to 2017. The result of the increase in reliability was due to outage during the year. The number of interruptions was 10 in 2018.

H2000's system reliability is very stable and only varies with the poor weather which tends to fall outside of the utility's control. 2018 showed an ice storm in the spring and a tornado in the fall. That said, if a power failure occurs inside of the utility's distribution system, the utility is quick in responding and rectifying the issue. H2000 continues to view reliability of electricity service as a high priority the utility continues to monitor its distribution assets on a regular basis.

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

The number of interruptions for 2018 was 10 for the reasons stated in the measure above.

Asset Management

- **Distribution System Plan Implementation Progress**

H2000 is in the process of completing its Distribution System Plan (“DSP”) in preparation for its 2020 Cost of Service Application which is scheduled to be filed in November of 2019 for rates effective May 1, 2020.

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. H2000 was upgraded from Group 3 to Group 2 in 2016 which has a stretch factor of 0.15 and has maintained its ranking in 2018. H2000 will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of H2000’s capital and operating costs and dividing this cost figure by the total number of customers that H2000 serves. The cost performance result reported for 2018 was \$544 /customer which represented a 4% decrease from 2017. The decrease is mainly due to an overall reassessment of all expenditures as a result of restructuring the utility.

H2000 will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. H2000 will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on H2000’s capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

In 2018, the total cost per Km was \$32,704 which represents a decrease of 3% over 2017. Once again, the expenditure reassessment plan contributed to this decrease. In 2018, H2000 experienced little growth and therefore a decrease in cost per km of line is proportional to the decrease in cost per customer. H2000 continues to seek innovative solutions to help ensure the cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

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

H2000's 2018 energy savings adds up to approximately 266 MWh. These savings bring H2000's four-year savings to approximately 970 MWh, or 72% of the 2015-2020 CFF target. At December 31, 2018 H2000 achieved approximately 86% of the 2018 target.

H2000 achieved 862,861 kWh of its target of 1,364,270 kWh. This represents 63.25% of its goal while using only 40% of the allocated budget. H2000 was looking forward to new programs as they became available. Unfortunately, this program is no longer available. H2000 is in the wrap-up phase as it awaits further development from the government on conservation initiatives.

The connection of Renewable Generation

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

H2000 did not have any new Fit projects in 2018 and as such did not need Connection Impact Assessments

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

In 2018, H2000 did not connected any new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Should H2000 receive a request for micro embedded generation, it will work 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)**

H2000's current ratio increased substantially from 2017 at a ratio of 0.77 yet the increase is not as significant if we compare to 1.07 in 2016 and 1.75 in 2015. The liquidity ratio has remained stable over the period. The ratio is mostly due to the lack of debt and success in reducing liabilities. The ratio still exceeds the indicator of good financial health.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

In 2018, H2000 did not have any debts per se however, in accordance with Board policy the utility 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).

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

H2000's 2018 distribution rates were rebased and approved by the OEB in 2012 and included 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

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

H2000's 2018 achieved ROE is -7.16% which represents a difference of -16.28% from the approved 9.12%. The low ROE is mostly due to an increase in operational costs and capital additions that are not being recovered through currently approved rates. H2000 is preparing a Cost of Service application with associated revised rates for May 1 2020. The intent of the application is to realign rates with current costs.

Note to Readers of 2018 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 to 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.