

Scorecard - Oakville Hydro Electricity Distribution 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	90.70%	94.60%	81.20%	97.03%	95.16%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
		Telephone Calls Answered On Time	81.50%	80.60%	72.80%	80.62%	85.20%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	99%	98.5%	96.8%	96.6%	96.5%				
		Billing Accuracy	99.92%	99.91%	99.92%	99.99%	99.99%	↑	98.00%		
		Customer Satisfaction Survey Results	92%	92%	92%	90%	92%				
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		80.00%	80.00%	83.00%	83.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NI	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	0.46	0.48	0.50	0.50	0.62	↓		0.63	
		Average Number of Times that Power to a Customer is Interrupted ²	0.58	0.58	0.90	0.79	0.80	↓		0.94	
	Asset Management	Distribution System Plan Implementation Progress	On Track	On Track	On Track	On Track	On Track				
	Cost Control	Efficiency Assessment	4	3	3	3	3				
		Total Cost per Customer ³	\$720	\$732	\$720	\$695	\$719				
		Total Cost per Km of Line ³	\$26,116	\$26,730	\$26,324	\$25,630	\$27,071				
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		23.00%	42.41%	75.87%	97.00%			92.39 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%						
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	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)	1.59	1.53	1.48	1.56	1.42				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.09	1.08	1.06	1.02	0.95				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	9.36%			
			Achieved	9.94%	9.35%	10.71%	9.69%	10.65%			

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

2018 SCORECARD MANAGEMENT DISCUSSION AND ANALYSIS (2018 SCORECARD MD&A)

2018 HIGHLIGHTS

Oakville Hydro is the Town of Oakville’s electricity distribution company. We strive to provide the best energy and conservation solutions to our more than 70,000 customers. We are focused on delivering safe, reliable and affordable power to our residential and business customers.

We are pleased to report that we performed well in all scorecard measures in 2018, meeting or exceeding industry standards and distributor-based targets set by the Ontario Energy Board.



Customer Focus: We received the Ontario Energy Association’s Customer Service Award for our commitment and progressive work in embarking on an ambitious multi-year program to develop and implement a long-term Customer Service Vision and Strategy.

Safety: The safety of the public and our employees is our top priority. In 2018, we continued our public safety awareness campaign, which is designed to educate the public on how to keep safe around electrical lines and equipment.

System Reliability: Providing the reliable distribution of electricity to our customers is one of our top priorities. On average, our customers were without power for 0.62 hours or 37 minutes in 2018.

Asset Management and Cost Control: In 2018, we maintained our operating, maintenance and administration cost per customer through innovative programs and processes.

Conservation and Demand Management: Although the Ontario Government has ended the six-year conservation framework two years ahead of schedule, we have already achieved savings of 90 GWh – 97% of our original target.

Financial Performance: We strive to provide service excellence at a reasonable cost. In 2018, we achieved our regulated rate of return while maintaining our operating, maintenance and administration costs per customer. We are well positioned to meet the needs of our growing community and continue to provide the value of service that our customers expect.

For more information about the scorecard, please visit the Ontario Energy Board’s website to access “Scorecard - Performance Measure Descriptions”. This document provides 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

1. CUSTOMER FOCUS

Customer service excellence is a critical component of Oakville Hydro's business. In 2018, we received the Ontario Energy Association's Customer Service Award for our commitment and progressive work in embarking on an ambitious multi-year program to develop and implement a long-term Customer Service Vision and Strategy.

We understand our customers expect:

- Bills to be accurate, timely and easily understood;
- Easy access to their account information through self-serve options;
- The ability to connect with our team by their preferred method of contact to find quick solutions to any issue; and
- Communication and education about energy savings options and solutions.

To ensure our customers are able to contact us easily, we completed a number of initiatives in 2018:

- Doubled our telephone line capacity from 50 lines to 100 lines;
- Launched a new Interactive Voice Response (IVR) system to increase line capacity;
- Enhanced Interactive Voice Response messages to improve overall ease of use;
- Introduced a "Live Chat" communication channel on our website to allow our customers to connect with us using their preferred method of communication; and
- Integrated our IVR with the Outage Management System (OMS) allowing customers to report or inquire about outages.

We have also introduced transactional surveys to gather feedback from our customers regarding their recent interactions. The transactional surveys complement our annual customer satisfaction survey and allow us to keep a finger on the pulse of day-to-day customer interactions. To-date the results are excellent, with an overall satisfaction rating from customers of 4.95 out of 5.

The Ontario Energy Board (OEB) has set industry targets in the areas of Service Quality and Customer Satisfaction that measure whether our services are provided in a manner that responds to customer identified preferences. Oakville Hydro's performance against each of those targets is discussed in this section.

Our Customer Service Vision

'Leading the way in creating superior customer experiences in Ontario'



1.1 SERVICE QUALITY MEASURES

1.1.1 NEW RESIDENTIAL/SMALL BUSINESS SERVICES CONNECTED ON TIME

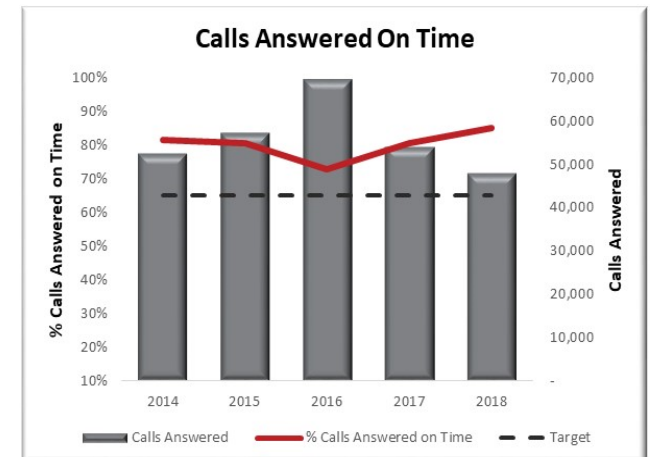
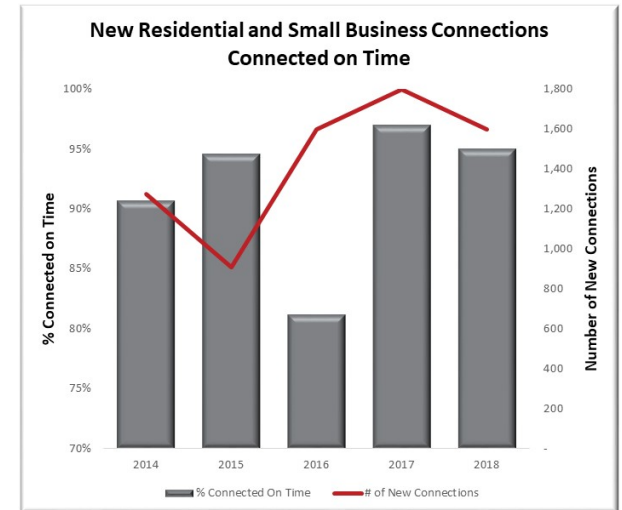
In 2018, the Town of Oakville experienced continued customer growth. Our field staff connected approximately 1,600 new services for residential and small business customers under 750 volts. We are required to complete these connections within the five-day timeline prescribed by the OEB - 90% of the time. Despite the large increase in new connections, we were able exceed the target and connect over 95% of our new customers within the five-day timeframe required by the OEB.

1.1.2 SCHEDULED APPOINTMENTS MET ON TIME

In 2018, we scheduled approximately 750 appointments with our customers to complete requested work, read meters or reconnect services. For the five-year period from 2014 through 2018, we have consistently met 100% of our scheduled appointments, a significant accomplishment. Oakville Hydro is committed to being on time, every time.

1.1.3 TELEPHONE CALLS ANSWERED ON TIME

In 2018, we answered approximately 48,000 calls from our customers – that equates to more than 200 calls per day. Our customers are important to us and we strive to provide them with personalized interaction with our customer care staff when they need us. In 2018, we answered more than 85% of the calls within 30 seconds. That is well above the OEB’s requirement to answer 65% of the calls that it receives within 30 seconds. For the period 2014 through 2018, we have consistently provided a higher quality of service than the industry target.



1.2 CUSTOMER SATISFACTION MEASURES

1.2.1 FIRST CONTACT RESOLUTION

We strive to resolve customer inquiries during the initial contact. If there is a need to call a customer back or to escalate the question or complaint, the event is logged. The measure for First Contact Resolution is calculated as the number of customer contacts not resolved with the first contact, divided by the total number of customer contacts. In 2018, we served 96.5% of customers on the first contact.



1.2.2 BILLING ACCURACY

We know that providing our customers with accurate and timely bills is imperative. Since we started tracking our billing accuracy in 2014, we have consistently achieved a score of 99.9% accuracy. In 2018, we introduced rigorous quality control processes to ensure that our customer are billed accurately the first time.

1.2.3 CUSTOMER SATISFACTION SURVEY RESULTS



Our Customer Satisfaction Survey provides us with valuable feedback to support future customer education programs and identify areas where there is room to improve our level of customer engagement, communication and service. Through the survey, our customers told us that we are highly trusted, provide an excellent quality of service and deliver on our service commitments.

In our 2018 Scorecard, we reported on the number of customers that were “very or fairly satisfied with Oakville Hydro”. Our customers gave us a score of 92% on this measure compared with an average score of 91% both nationally and provincially. Our attention to customer service has enabled us to achieve a higher score than the average of our peers in Ontario and across Canada.

2. OPERATIONAL EFFECTIVENESS MEASURES

Electricity is an essential service – our customers expect that electricity supply will be there when they need it 24 hours a day, 365 days per year. We are committed to leveraging new technologies and demonstrating a commitment to a brighter future for everyone that depends on *safe, reliable* and *efficient* electricity supply. The operational effectiveness measure demonstrates our success in delivering safe and reliable electricity to the residences and businesses across Oakville at a reasonable price.

Oakville Hydro was proud to receive the Canadian Electricity Association's (CEA's) Centre of Excellence Award for its innovative efforts on its Grid Intelligence Initiative. This is our second Centre of Excellence Award, previously winning for our progressive work in developing and implementing our Advanced Distribution Management System (ADMS).

Oakville Hydro has been incorporating grid intelligence into its distribution system for a number of years. Field equipment with enhanced intelligence automatically responds to changing electricity grid conditions without manual intervention and restores electricity to our customers in seconds through algorithms and sensors.

This innovative concept maximizes the value of asset renewal investments by incorporating the deployment of smart grid intelligence into the distribution system as assets reach the end of their useful lives. In 2018, we increased the switching density of devices per feeder and the number of open points with field automation. Now, when an outage occurs, the switching devices are able to detect a loss of power and automatically reconfigure the grid to an alternate supply point, allowing for almost immediate power restoration and no human intervention.

Our customers experienced the value of our distributed grid intelligence in late 2018 when a widespread outage within the Town of Oakville was caused by an equipment failure at a provincially owned transformer station. At the time of the incident, 9,523 customers without power. Our intelligent grid was able to:

- automatically restore power to 1,085 customers within 16 seconds
- Remotely activate other grid devices to restore the remaining 8,438 customers within six minutes.

Oakville Hydro was able to restore power to 100% of the impacted customers without dispatching any crews in the field – an effective way to deliver value and reliability to our customers.

The OEB has established distributor specific targets that measure our ability to achieve continuous improvement in productivity and cost performance while delivering on system reliability and service quality objectives. Those measures include public safety, system reliability, asset management and cost control, each of which is discussed in this section.



2.1 PUBLIC SAFETY

2.1.1 PUBLIC AWARENESS OF ELECTRICAL SAFETY

We conduct a public safety awareness survey every two years to measure the level of awareness in Oakville. In 2018, approximately 400 people, over the age of 18, were asked six safety related questions that correspond to the most frequent incidents involving electrical equipment. Our residents achieved a score of 83%.

This fall we will launch a new campaign to prepare for our 2020 Public Safety Survey.

Be sure to check out our YouTube channel for more information about how you can protect you and your loved ones from injury.

<https://www.youtube.com/channel/UCLV6004HmueHAXBRFDTRO9g>

2.1.2 COMPLIANCE WITH ONTARIO REGULATION 22/04

Ontario Regulation 22/04 - Electrical Distribution Safety, establishes electrical safety requirements for the design, construction, and maintenance of electrical our distribution system. The regulation requires the approval of equipment, plans and specifications, as well as the inspection of electrical equipment before it is put into service. Each year, we engage an independent auditor to conduct an audit of our compliance with the regulation.

We are committed to ensuring that our distribution system is safe and that it complies with all electrical safety requirements. In 2018, we received a “Compliant” rating for the fourth consecutive year.

Be Safety Savvy

Oakville Hydro is conducting a Public Electrical Safety Survey via telephone in February and March.

Learn the answers to these safety questions, it may save you or your loved one's life!

If you're digging to build a deck, how likely are you to get a utility locate?
Definitely - always call Ontario One Call before you dig. It's the law

How close can you come to a downed power line?
Maintain a distance of 10 metres (33 feet) or more

How dangerous is it to touch an overhead power line?
Very dangerous


OAKVILLE HYDRO

2.1.3 SERIOUS ELECTRICAL INCIDENT INDEX

The Serious Electrical Incident Index measures the number and rate of serious electrical incidents involving the public and occurring on our distribution assets. Our first priority is safety. We are proud of our record of not having any serious electrical incidents relating to our distribution assets in the five-year period measured by the scorecard.

Those most in danger of coming into contact with our power lines are the men and women in construction and other industries who are working near our overhead lines and underground equipment. We believe that it is our duty to educate these workers about the dangers associated with working near live electrical power lines and equipment.

That is why we cohost an annual Powerline Safety Awareness seminar for overhead and underground contractors in Halton Region. Each year we team up with other electricity distributors in Halton Region, the Electrical Safety Authority (ESA) and the Ontario Ministry of Labour to deliver presentations from the Infrastructure Health and Safety Association (IHSA), ESA and other organizations to promote educational awareness. In 2018, over 100 contractor resources attended this important safety session.

We are also an active participant in the ESA's Community Powerline Safety Alliance. This ESA-sponsored group meets to discuss best practices and approaches for promoting powerline safety awareness within the communities the Alliance members serve.

The Power to Be Safe®

Powerline Safety Seminar

FREE FOR BUSINESSES & TRADES

Oakville Conference Centre
Wednesday, Oct. 24, 2018,
8:30 am to 11:00 am

"As a Powerline Technician, I require incredible attention to safety. You too must be POWERLINE AWARE."

Burlington **hydro**™ OAKVILLE HYDRO Milton Hydro

Halton Hills HYDRO Electrical Safety Authority

2.2 SYSTEM RELIABILITY

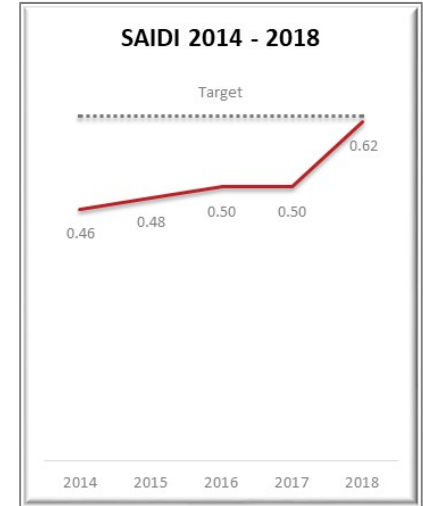
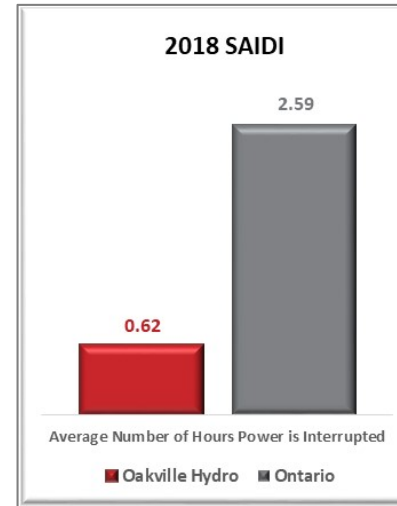
2.2.1 SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

Average Number of Hours That Power Is Interrupted

In 2018, our customers were without power for an average of 0.62 hours or 37 minutes. The number of hours that an average customer was without power in Oakville was significantly lower than that of the average customer in Ontario who were, on average, without power for more than two and one-half hours.

We have consistently performed better than the target of 0.63 hours of power interruption per customer throughout the five-year period covered by the scorecard.

Much of this success can be attributed to our ability to restore power remotely and quickly through our intelligent grid.



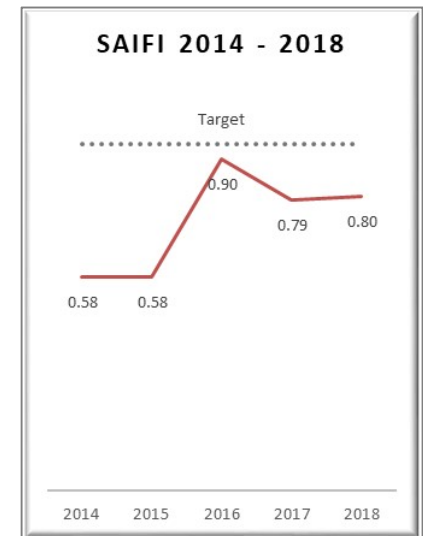
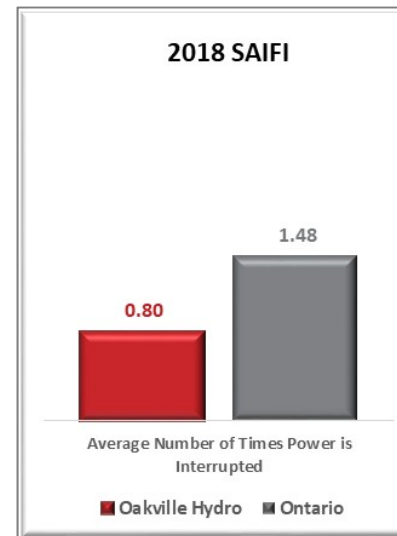
2.2.2 SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)

Average Number of Times that Power to a Customer is Interrupted

In 2018, our customers experienced, on average, 0.80 power interruptions. The average customer in Ontario experienced 1.48 power interruptions – almost double that of an Oakville residence or business.

We have consistently performed better than the target of 0.94 power interruptions per customer throughout the five-year period covered by the scorecard.

Our ability to keep the lights on is a clear indicator of the effectiveness of our asset management planning.



2.3 ASSET MANAGEMENT

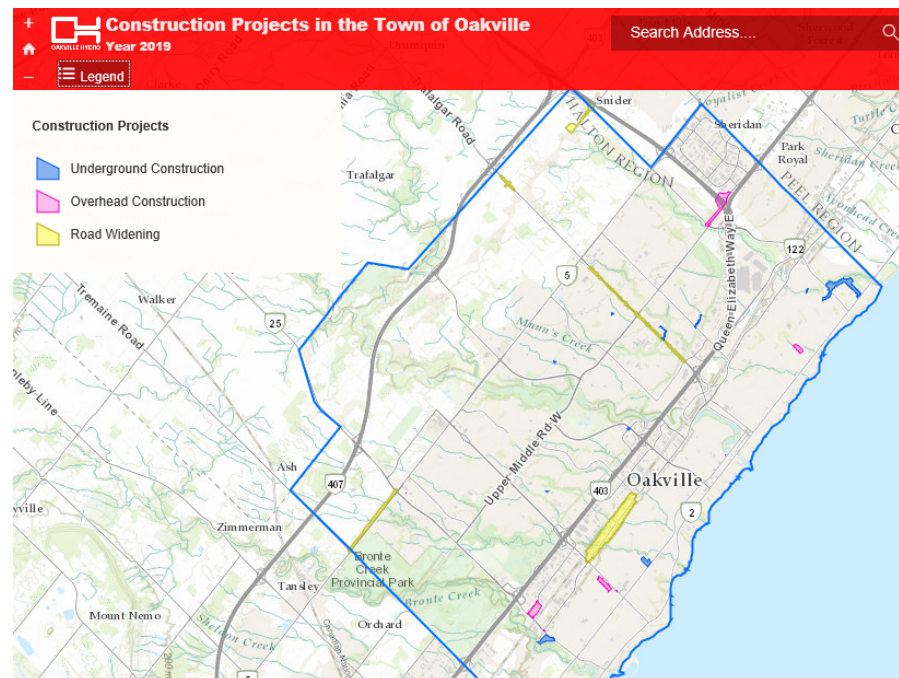
DISTRIBUTION SYSTEM PLAN IMPLEMENTATION PROGRESS

Asset management involves the process of developing, operating, maintaining, upgrading, and disposing of assets cost-effectively. In 2013, we submitted our Distribution System Plan (DSP) to the OEB as part of our 2014 cost of service rate application.

Our DSP describes our plans for infrastructure investments and maintenance activities for 2014 to 2018. The Distribution System Plan Implementation Progress measure evaluates our effectiveness in implementing our plans. We have successfully implemented our DSP for the period 2014 to 2018.

We were able to achieve this through the implementation of new systems and processes that have automated our asset management records.

We can now generate a health score for each of our assets. This allows us to prioritize our asset maintenance and replacement decisions and optimize our investments throughout the lifecycle of the asset.



To learn about how we are investing in our renewing and expanding our infrastructure, visit our website at

www.oakvillehydro.com

2.4 COST CONTROL

A total cost benchmarking evaluation is used to assess the efficiency of Ontario’s electricity distributors. The model is used to calculate an electricity distributor’s total operating and capital costs and compare those costs to the costs predicted by the model, based on business conditions in each electricity distributor’s service area. These business conditions include the number of customers, kilometer of line, peak demand and the price of inputs such as labour and capital.

Actual costs are then compared to those predicted by the model to assess an electricity distributor’s efficiency. The total cost per customer and per kilometre of line allows for further benchmarking between electricity distributors. Our performance under each of these measures is discussed in the following section.



2.4.1 EFFICIENCY ASSESSMENT

Electricity distributors are assigned to one of five efficiency groups based upon the comparison of their actual costs to their predicted costs. Electricity distributors whose actual costs are close to or lower than their predicted costs are considered more efficient. In Ontario, the majority of electricity distributors are in group 3, with actual costs within 10 % of their predicted costs. Oakville Hydro moved to group three in 2015 and, since then, we have been improving our performance within that group.

Efficiency Group	Predicted vs Actual Costs
1	25% or More Below
2	10% to 25% Below
3	Within 10%
4	10% to 25% Above
5	Over 25%

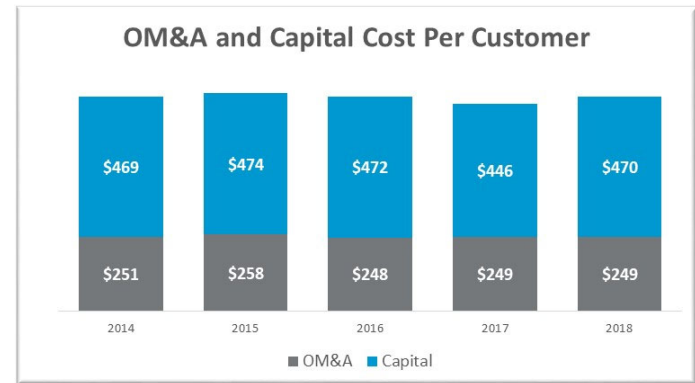
2.4.2 TOTAL COST PER CUSTOMER

The total cost per customer is calculated as the sum of our capital and operating costs divided by the total number of metered customers that we serve. In 2018, our Operating, Maintenance and Administration (OM&A) costs per customer of \$249 was lower than the provincial average of \$327 per customer, while our capital cost per customer of \$470 was higher than the provincial average of \$361.

Cost Per Customer	OM&A	Capital	Total
Oakville Hydro	\$ 249	\$ 470	\$ 719
Provincial Average	\$ 327	\$ 361	\$ 688

Like other electricity distributors in the province, we have experienced cost pressures associated with the delivery of reliable services to our customers. Inflationary pressures, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased costs.

Despite these pressures, our OM&A and capital cost per customer has remained relatively stable over the five-year period covered by the scorecard. We have been able to achieve this through the successful implementation of innovative solutions and efficiency initiatives.

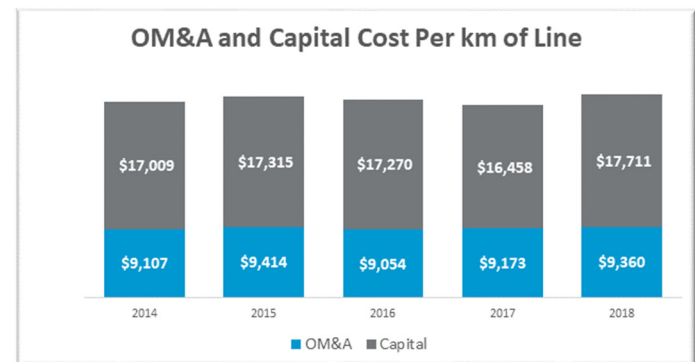


2.4.3 TOTAL COST PER KM OF LINE

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometres of distribution lines that we maintain and operate to serve our customers. Our operating cost per kilometres of \$9,360 is lower than the provincial average of \$13,349 per kilometre while our capital cost per kilometre of \$17,711 is higher than the provincial average of \$14,457. Electricity distributors that serve densely populated areas typically will have a lower cost per kilometer than those that serve rural or remote territories.

As with our cost per customer, our OM&A and capital cost per kilometer of line has remained relatively stable over the five-year period covered by the scorecard.

Cost Per km of Line	OM&A	Capital	Total
Oakville Hydro	\$ 9,360	\$17,711	\$27,071
Provincial Average	\$13,349	\$14,457	\$27,806



3. PUBLIC POLICY & RESPONSIVENESS

The Ontario Energy Board (OEB) regulates Oakville Hydro. The OEB's objectives include requirements to promote electricity conservation and demand management and to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario.

The Public Policy and Responsiveness measures assess our success in promoting conservation and demand management and responding to requests for the connection of renewable energy to our distribution system. For the five-year period 2014 to 2018, the OEB has required that electricity distributors report on their progress towards conservation targets set by the Ontario Government, their performance in providing connection impact assessments for large generation facilities and connection standards for smaller generation facilities. Oakville Hydro's performance under these measures is discussed in this section.

3.1 NET CUMULATIVE ENERGY SAVINGS

Earlier this year, the Ontario Government announced the termination of its six-year conservation framework. This framework, the Conservation First Framework, was designed to reduce electricity consumption in Ontario by seven terawatt-hours (TWh) or seven million gigawatt-hours (GWh) by December 31, 2020. Oakville Hydro was assigned a target of 92.39 GWh over the six-year period. By December 31, 2018, just four years into the program, we had already achieved 97% of our target.

We were able to do this by connecting with businesses in our community to understand their businesses and assess the value that conservation programs could provide to them. We worked with customers to analyze their energy profiles, provide them with guidance and education on the programs and identify financial and sustainability advantages.

For residential customers, we introduced a successful Poolsaver program, which benefited a large number of customers in our community.

We are committed to energy conservation and look forward to working with our customers under the new conservation framework.



3.2 CONNECTION OF RENEWABLE GENERATION

Renewable energy, also referred to as clean or alternative energy, is electricity produced from renewable sources with a lower impact on the environment and our health. This includes power generated by wind, geothermal, solar, biomass and low-impact hydroelectric sources that produce little or no noxious emissions. Alternative energy is used to replace non-renewable sources of energy production such as coal, nuclear and natural gas.

As of December 31, 2018, there were 122 solar energy installations in the Town of Oakville. Oakville Hydro installed solar panels on the roof of its building a number of years ago. In addition, the Town of Oakville has installed solar panels on four Town facilities including the Town Hall, the Glen Abbey Community Centre, the River Oaks Community Centre and the Sixteen Mile Sports Complex.



16 Mile Sports Complex

3.2.1 RENEWABLE GENERATION CONNECTION IMPACT ASSESSMENTS COMPLETED ON TIME

As an electricity distributor, we are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2018, Oakville Hydro did not receive any requests to complete a CIA.

3.2.2 NEW MICRO-EMBEDDED GENERATION FACILITIES CONNECTED ON TIME

In 2018, we connected three new micro-embedded generation facilities (projects less than 10 kW). We were able to connect all of these generation facilities within the prescribed timeframe of five business days.



Oakville Hydro

4. FINANCIAL PERFORMANCE

We have consistently achieved our regulated rate of return since it was established in our 2014 cost of service application. This means that we have achieved our financial objectives within the OEB's annual inflationary adjustments to our rates. Our goal is to balance the needs of our growing community and our passion to provide the value of service that our customers require and expect.

Among the OEB's objectives, is the requirement to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry. The distributor scorecard includes measures of financial health and performance including liquidity, leverage and profitability. Our performance in these categories is discussed in the following section.

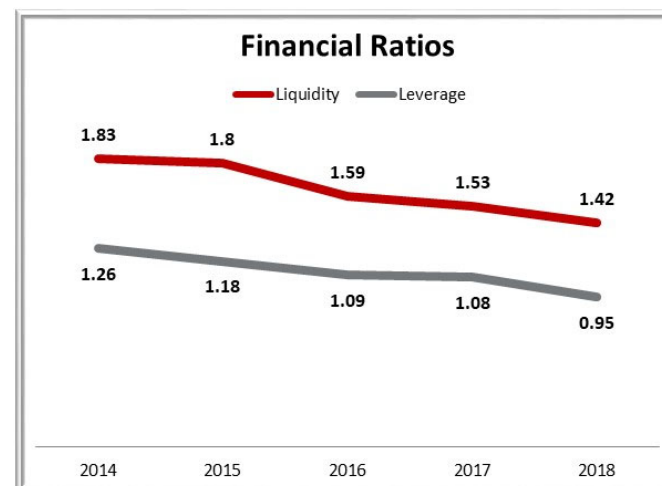
4.1 FINANCIAL RATIOS

4.1.1 LIQUIDITY: CURRENT RATIO (CURRENT ASSETS/CURRENT LIABILITIES)

As an indicator of financial health, a current ratio that is greater than one indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than one are often referred to as being "liquid". The higher the number, the larger the level of assurance that the company is able to meet its short-term financial obligations. We continue to be in a strong financial position with a current ratio of 1.42 in 2018.

4.1.2 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 when establishing electricity distribution 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 leveraged than the deemed capital structure. Since 2013, we have maintained a debt to equity structure of less than 1.5.



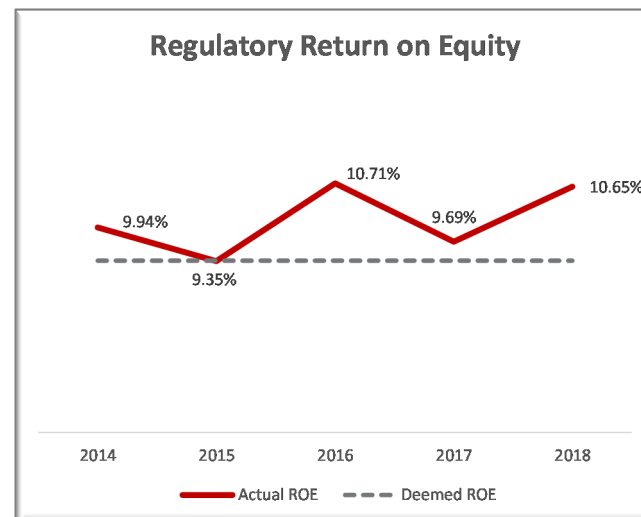
4.1.3 PROFITABILITY

REGULATORY RETURN ON EQUITY – DEEMED (INCLUDED IN RATES)

In 2014, the OEB approved our current deemed regulatory return on equity of 9.36% through a cost of service application process. The OEB permits distributors to earn within +/- 3% of the deemed return on equity. When a distributor performs outside of this range, the OEB may initiate a regulatory review of the distributor’s revenue and cost structure.

REGULATORY RETURN ON EQUITY – ACHIEVED

In 2018, we earned a regulatory return on equity of 10.65%, which is well within the OEB’s range of +/- 3% of the deemed rate of 9.36%. We strive to control our costs, as a result, we were able to achieve our regulated rate of return while maintaining our OM&A costs per customer. We are well positioned to meet the needs of our growing community and continue to provide the value of service that our customers expect.



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 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.