

Scorecard - Hydro One Brampton Networks Inc.

9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	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%	99.80%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	98.20%	100.00%		90.00%	
		Telephone Calls Answered On Time	82.30%	78.40%	89.20%	84.00%	80.60%		65.00%	
	Customer Satisfaction	First Contact Resolution						N/A		
		Billing Accuracy						N/A		
		Customer Satisfaction Survey Results						Excellent		
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Public Safety [measure to be determined]								
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	0.72	0.46	0.68	0.74	9.84			at least within 0.46 - 0.74
		Average Number of Times that Power to a Customer is Interrupted	1.03	0.76	1.05	1.06	3.30			at least within 0.76 - 1.06
	Asset Management	Distribution System Plan Implementation Progress							Excellent	
	Cost Control	Efficiency Assessment					3		3	
		Total Cost per Customer ¹	\$573	\$588	\$587	\$571	\$586			
		Total Cost per Km of Line ¹	\$27,037	\$27,956	\$27,938	\$27,424	\$27,565			
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			12.00%	14.00%	18.80%			45.61MW
		Net Cumulative Energy Savings (Percent of target achieved)			27.00%	53.00%	77.30%			189.54GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	55.00%	100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time					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)	0.85	0.75	0.88	1.14	0.89			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.34	1.43	1.44	1.55	1.57			
		Profitability: Regulatory Return on Equity			Deemed (included in rates)	9.66%	9.66%	9.66%		
					Achieved	11.16%	10.72%	10.64%		

Legend:

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

Notes:

1. 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.

2. The Conservation & Demand Management net annual peak demand savings do not include any persisting peak demand savings from the previous years.

Management Discussion and Analysis for Year 2013

Service Quality

Hydro One Brampton exceeded industry and achieved all internal service quality targets in 2013.

Throughout 2013, Hydro One Brampton connected 3,947 new residential customers which represents a 6% increase relevant to 2012 connections. The December 2013 ice storm impacted Hydro One Brampton's ability to connect ten (10) residential services within the prescribed timelines which accounts for the 0.2% decrease relative to the perfect historical performance. The Company successfully attended all scheduled appointments on time in 2013 but experienced a decrease in the number of telephone calls answered on time relative to 2012 levels. In 2013, Hydro One Brampton was able to answer 80.6% of all telephone calls within the prescribed time which is well above the 65% industry target.

Customer Satisfaction

Hydro One Brampton received the results of the annual customer satisfaction survey which was conducted in March 2014. The survey results indicate that there is a high level of customer satisfaction with the Company and our services. Hydro One Brampton has scored a rating of 91% for overall customer satisfaction which is 11% higher than the Ontario scores and 4% higher than National scores.

Safety

Hydro One Brampton raises public awareness by participation in the City of Brampton Emergency Preparedness events:

Kids Schools Electrical Safety Program;

Job planning and tailboard forms;

Traffic control and a stand-by person;

Conducting incident investigations and sharing lessons learned.

System Reliability

In 2013, Hydro One Brampton experienced a decline in performance pertaining to its reliability targets due to the impact of the severe ice storm experienced in the week of December 21st. At the peak of the ice storm, approximately 100,000 Hydro One Brampton customers experienced some type of outage as a result of ice buildup that brought down trees and limbs onto Hydro One Brampton's distribution lines. There were 33 feeders impacted and 174 breaker operations recorded due to the storm. On Bramalea Road ten spans of a three circuit pole line collapsed due to the weight of the ice. Hydro One Brampton crews could not connect some of its customers until their equipment was repaired and the Electrical Safety Authority (ESA) had approved the repairs. Removing the impact of extreme storms experienced in 2013 that were beyond the control of the Company, Hydro One Brampton's average number of hours that power to a customer was interrupted was 0.51 hours and the average number of times that power to a customer was interrupted was 0.93 occurrences. When factors of extreme weather beyond the control of the Company are excluded, the reliability results are within the prescribed targets.

Asset Management

Hydro One Brampton's work program combines both capital and maintenance initiatives to minimize the total cost of ownership for the life of the various service assets. The Company's capital expenditures are driven by both internal and external factors. Ongoing and multi-year capital initiatives are categorized as programs that may include a portfolio of projects that are specific in scope, duration and location. This approach optimizes project management activities and enhances work planning, control and reporting.

Cost Control

The City of Brampton is one of the fastest growing cities in Canada, with such rapid development Hydro One Brampton must ensure that the electrical infrastructure and system capacity is available to connect the increasing number of customers. Continued investment was made in 2013 for system access to and expansion initiatives which were driven by external factors such as customer demand as well as expansion of city, region and provincial transportation infrastructure. These types of projects are triggered by agencies like railways, provincial and municipal governments, road authorities, land developers and regulatory agencies. Hydro One Brampton must build new system infrastructure and increase the capacity of the main distribution system as new residential, commercial and industrial customers are added in the City. The impact of growth and third party initiatives drive the requirements for new system construction.

Hydro One Brampton achieved the lowest operating, maintenance and administrative cost per customer of all distribution companies in Ontario for 2013. Furthermore, Hydro One Brampton has been able to maintain a stable total cost per customer & total cost per km of line for the past 5 years.

Conservation & Demand Management

Hydro One Brampton is on track to achieve its Energy Targets, however, despite best efforts, it will fall short of attaining the Demand Targets.

Connection of Renewable Generation

In 2013, Hydro One Brampton completed 8 Connection Impact Assessments within the required time frames. The Company connected 11 Feed-In-Tariff (FIT) projects accounting for 2.14MW of additional renewable generation on the grid. In addition, the Company connected 47 micro-FIT projects accounting for an additional 0.33MW of renewable generation on the grid. Hydro One Brampton remains committed to enabling renewable generation projects and has completed all corresponding application review and connection requirements within the prescribed timelines.

Financial Ratios

Liquidity - Current Ratio

Hydro One Brampton's current ratio decreased from 1.14 in 2012 to 0.89 in 2013 as the cash used in investing and financing activities in 2013 exceeded the cash generated from operations. The company continues to make significant capital investments to expand and maintain the distribution system in the City of Brampton.

Leverage: Total Debt to Equity Ratio

Hydro One Brampton's debt to equity ratio increased slightly from 1.55 in 2012 to 1.57 in 2013 as a result of higher bank indebtedness required to cover short term borrowing requirements.

Regulatory Return on Equity

Hydro One Brampton's regulatory return on equity was 10.64% in 2013 due to higher than planned net income and slightly lower than planned rate base. Net income was higher than plan due to higher distribution revenues and lower OM&A, partially offset by higher depreciation and amortization expenses. Rate base was lower than planned in 2013 due to lower than expected cost of power.