

# Scorecard - Kingston Hydro Corporation

9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	New Residential/Small Business Services Connected on Time	100.00%	100.00%	97.80%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	99.30%	99.80%	100.00%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	67.10%	69.20%	64.20%	64.70%	66.90%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution									
		Billing Accuracy									
		Customer Satisfaction Survey Results									
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Public Safety [measure to be determined]									
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	3.14	1.08	1.45	1.78	4.87			at least within 1.08 - 3.14	
		Average Number of Times that Power to a Customer is Interrupted	2.12	0.76	1.40	1.17	3.19			at least within 0.76 - 2.12	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress									
	<b>Cost Control</b>	Efficiency Assessment				3	3				
		Total Cost per Customer <sup>1</sup>	\$431	\$476	\$500	\$493	\$517				
Total Cost per Km of Line <sup>1</sup>		\$32,419	\$35,510	\$37,046	\$36,554	\$38,667					
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	<b>Conservation &amp; Demand Management</b>	Net Annual Peak Demand Savings (Percent of target achieved) <sup>2</sup>			71.00%	82.00%	70.70%			6.63MW	
		Net Cumulative Energy Savings (Percent of target achieved)			34.00%	79.00%	111.90%			37.16GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time			0.00%	0.00%					
		New Micro-embedded Generation Facilities Connected On Time					100.00%			90.00%	
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.64	1.24	0.95	1.17	1.10				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.85	0.98	1.00	1.29	1.42				
		Profitability: Regulatory Return on Equity			Deemed (included in rates)	9.58%	9.58%	9.58%			
					Achieved	6.26%	10.34%	9.03%			

**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

New residential/Small Business Services Connected on Time: This indicator is exceeding the required 90% within 5 days. No immediate action is required. Maintain on-going monitoring.

Scheduled/Appointments Met on Time: This indicator is exceeding the required 90% within 5 days. No immediate action is required. Maintain on-going monitoring.

Telephone Calls Answered on Time: This indicator slipped below the required 65% calls answered within 30 seconds in 2011 and 2012. In 2013, monitoring was increased resulting in the indicator rising to just above the required 65%. On-going monitoring will continue.

### Customer Satisfaction

First Contact Resolution: New indicator. No discussion at this time.

Billing Accuracy: New indicator. No discussion at this time.

Customer Satisfaction Survey Results: New indicator. No discussion at this time.

### Safety

Public Safety: New indicator. Presently the OEB is consulting with the Electrical Safety Authority and will consult with stakeholders to identify a measure that is readily available for use as the Public Safety measure on the Scorecard. No discussion at this time.

### System Reliability

Average Number of Hours that Power to a Customer is Interrupted: This indicator for 2013 is not within the target of falling between 1.08 and 3.14 for Kingston Hydro. This is a direct result of the large ice-storm that impacted our system on Dec 20-22, 2013, without which, this statistical indicator would have been 1.02 – well below the target range.

Average Number of Times that Power to a Customer is Interrupted: This indicator for 2013 is not within the target of falling between 0.76 and 2.12 for Kingston Hydro. This is a direct result of the large ice-storm that impacted our system on Dec 20-22, 2013 without which, this statistical indicator would have been 1.15 - within the target range.

### Asset Management

Distribution System Plan Implementation Progress: New indicator. The Distribution System Plan (DSP) in our opinion means to ensure the appropriate management of our distribution assets by ensuring: i) Stronger governance and accountability; ii) More sustainable decision-making; iii) Enhanced customer service; iv) More effective risk management, and; It is management's position that a meaningful measure of effectiveness would involve the comparison of the recommended number of units identified for replacement in the Asset Management Plan (by asset class) against a rolling 5 year average of actual activity by asset class completed by the distributor. The success of the DSP is then based in part on the ability of the distributor to sustain those assets by achieving the recommended targets over the life of the DSP.

### Cost Control

Efficiency Assessment: Kingston Hydro remains a 3 in Efficiency Assessment unchanged from 2012.

Total Cost Per Customer: Kingston Hydro remains one of the lowest cost utilities, on a per customer basis, at \$517 per customer. This metric is up from \$493 in 2012 and had increased 3.4% from \$500 from 2011.

Kingston Hydro is 16th lowest cost utility on a per customer basis in the Province out of a reported 73 utilities.

Kingston Hydro's cost per km of line is at \$38,667 per km of line. This amount has increased over the last number of years due to the increased focus on replacing ageing infrastructure.

### Conservation & Demand Management

2013 Conservation Results: Draft verified conservation results from the Ontario Power Authority show that by Dec. 31, 2013, Kingston Hydro and its customers have achieved 104% of their Net Peak Demand Savings 2011-2014 target under "scenario 2" (i.e. if all demand response contracts currently in place are honoured by customers through Dec. 31, 2014). According the same report, Kingston Hydro and its customers have achieved 111.7% of their Net Energy Savings 2011-2014 target. This represents a 6.94 MW reduction in peak demand and a cumulative 41.4 GWh of energy savings from 2011-2014, and achievement of both demand and energy 2011-2014 targets a full year before the end of the current provincial CDM framework. We acknowledge that the methodology in the OEB scorecard is different than the OPA methodology to calculate CDM results.

**Connection of Renewable Generation**

Renewable Generation Connection Impact Assessments Completed On Time: No Impact Assessments were required - no discussion.

New Micro-embedded Generation Facilities Connected On Time: At 100%, this exceeds industry. No discussion required.

**Financial Ratios**

Liquidity: Current Ratio (Current Assets / Current Liabilities): This ratio is not indicative of a true current ratio due to the fact that current liabilities include \$11 million in short term borrowing utilized to fund regulatory asset balances on the balance sheet. Regulatory assets are not included in current assets.

Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio: Total Debt to Equity Ratio is increasing as new debt is obtained to fund regulatory asset balances and ongoing capital replacement work. 3rd party financing ratios are well within limits.

Profitability: Regulatory Return on Equity: Deemed return on equity is 9.58% and actual return on equity for 2013 was 9.03%, 0.55% under the deemed rate. This was due to increased operating costs for 2013 due to additional onetime expenses related to the ice storm and additional onetime expenses related to Smart Meters.