

# Scorecard - Haldimand County Hydro Inc.

9/28/2015

Performance Outcomes	Performance Categories	Measures	2010	2011	2012	2013	2014	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	99.20%	97.00%	99.00%	93.20%	96.20%		90.00%		
		Scheduled Appointments Met On Time	98.30%	98.90%	99.70%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	88.80%	83.40%	85.50%	81.10%	82.40%		65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution						99% Resolved			
		Billing Accuracy						99.96%		98.00%	
		Customer Satisfaction Survey Results						99% Satisfied			
<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>	Level of Public awareness [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04	NI	NI	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	0	0	0	0			0
	Rate per 10, 100, 1000 km of line		0.578	0.000	0.000	0.000	0.000			0.081	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	2.77	8.34	2.22	9.69	5.24			at least within 2.22 - 9.69	
		Average Number of Times that Power to a Customer is Interrupted	1.20	3.30	1.17	2.57	2.62			at least within 1.17 - 3.30	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress						On target			
	<b>Cost Control</b>	Efficiency Assessment			2	2	2				
		Total Cost per Customer <sup>1</sup>	\$626	\$665	\$696	\$681	\$711				
Total Cost per Km of Line <sup>1</sup>		\$7,617	\$8,078	\$8,434	\$8,310	\$8,762					
<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>		13.03%	24.85%	34.19%	61.12%			2.85MW	
		Net Cumulative Energy Savings (Percent of target achieved)		46.69%	69.32%	89.73%	114.84%			13.30GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time		0.00%	11.11%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time				100.00%	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)	1.48	1.79	1.78	1.66	1.32				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.31	0.35	0.42	0.36	0.41				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.85%	9.36%			
			Achieved		10.39%	7.60%	12.90%	13.74%			

**Notes:**

- 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.
- The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

**Legend:**

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

## Appendix A – 2014 Scorecard Management Discussion and Analysis (“2014 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 2014 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

### Scorecard MD&A - General Overview

In 2014, Haldimand County Hydro met all performance targets with the exception of Net Annual Peak Demand Savings under Conservation and Demand Management.

At the end of 2014, Haldimand County Hydro conducted our first customer satisfaction survey. Our customers provided insight on the service we provide. Customers confirmed that rates and the cost of electricity are most important. In 2013, Haldimand County Hydro increased customer access to information and ways to reach us so that we can improve our response times during power interruptions by adding a mobile application and revising our website. Haldimand County Hydro implemented our 2014 Cost of Service Electricity Distribution Rate Application which contained numerous components which provided our road map for operating costs and capital investments over the next five years. The most gratifying element of this process was the 8.7% and 7% decrease in the monthly delivery charge respectively for the typical residential and general service customer bill.

On June 10, 2014, Haldimand County Utilities signed a Share Purchase Agreement with Hydro One Inc. It is expected the Haldimand County Hydro will be fully integrated with Hydro One Networks in 2016. In 2015, Haldimand County Hydro will continue to work at maintaining or improving our overall Scorecard performance with ongoing capital investment and maintenance and providing exceptional customer care.

### Service Quality

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

In 2014, Haldimand County Hydro connected 96.20% of the 166 eligible low-volume residential and small business customers (utilizing less than 750 volts) to its distribution system within five (5) business days.

- **Scheduled Appointments Met On Time**

In 2014, Haldimand County Hydro scheduled 6,865 appointments and 98.75% were scheduled within five (5) days of the initial request. Of the 6,865 appointments scheduled, 340 involved a customer's premise visit, worksite or at another agreed location where the appointment date and time were met 100% of the time. This represents the second year in a row achieving a service level of 100%.

- **Telephone Calls Answered On Time**

In 2014, Haldimand County Hydro handled 36,419 phone calls and answered in person within 30 seconds 82.35% of the time. This result significantly exceeds the Ontario Energy Board ("OEB")-mandated 65% target. Call volumes for 2014 increased in the order of 4% since 2013 along with a 1.24% improvement to our overall average service.

Of the 36,419 calls, 814 calls were abandoned after waiting more than 30 seconds. 2014 represents our lowest volume of abandoned called since we first starting tracking in 2009.

## Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements have not been previously defined across the industry. The OEB has instructed all electricity distributors to review and develop measurements in these areas and begin tracking by July 1, 2014 so that information can be reported in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. As a result, each Electricity Distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

Haldimand County Hydro strives for frontline staff to resolve matters during the first call where possible. Of the calls which required further contact, a call handling process is in place to deal with customer matters expeditiously.

Haldimand County Hydro tracks the number of customer inquiries requiring further resolution by a Customer Service Supervisor, Consumer Services Manager or President and CEO. In 2014 Haldimand County Hydro handled 36,419 calls and 2114 customer inquiries by email or mail totaling 38,533 customer inquiries. Of the total customer inquiries, 114 escalated to a supervisor and/or Manager. This resulted in less than 1% (0.296%) total customer inquiries resulting in a second step to full resolution.

Haldimand County Hydro will be striving to maintain a 95% first call resolution amongst customer inquiries by phone, email or mail against the volume of customer inquiries escalated.

- **Billing Accuracy**

Electrical Distribution Companies were asked to commence reporting as of October 2014 – December 31, 2014 the number of bills that were deemed accurate. The OEB defines an accurate bill “as a bill that contains correct meter readings, customer information and rates resulting in an accurately calculated bill.” For the bills issued between October and December of 2014, 99.96% of the bills met the accuracy standards set out by the OEB.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (“OEB”) introduced the Customer Service Satisfaction Survey Results measure beginning in 2013. At a minimum, Electricity Distributors are required to measure and report a customer satisfaction result at least every other year. At this time, the OEB is allowing the Electricity Distributors discretion as to how they implement the measure.

In 2014, Haldimand County Hydro conducted a customer satisfaction survey using internal resources. The survey was conducted from November until mid-January 2015. In total 200 customers, or 1% of our customer base, responded to the survey either by online/web or over the phone.

Nine questions were presented to customers to gain perspective from our customers on the service we provide and what they consider to be most important. Overall, 99% of our customers were satisfied or very satisfied with the service provided by Haldimand County Hydro. The survey provided important insight on the service we provide and what customers find to be most important. The following are some of the survey highlights.

- 57% of Customers ranked rates and cost of electricity as most important.
- 79% of Customers were 28% satisfied and 51% very satisfied when dealing with the staff of Haldimand County Hydro Inc.
- 92% of Customers were 55% satisfied and 37% very satisfied with how we communicate.
- 74% of Customers preferred our bill inserts for communications 35% of our Customers prefer our website and 12% our mobile application and 11% on Twitter.
- 85% of Customers were 38% satisfied and 47% very satisfied with Haldimand County Hydro Inc. delivery of a reliable consistent source of electricity.
- 69% of Customers found information on the bill 43% good and 26% excellent.
- 77% of Customers found the promptness and accuracy of our bill to be 33% good and 44% excellent.
- 66% of Customers found Haldimand County Hydro Inc. 38% good and 28% excellent when communicating the implementation of Time-of-Use rates.

Haldimand County Hydro will continue to use the information to better understand what is most important on the services we provide.

## Safety

- **Public Safety**

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

Specific measurements of public awareness have not been defined across the industry. As a result, each Electricity Distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

In 2014, Haldimand County Hydro initiated a Customer Satisfaction Survey and asked customers “How satisfied are you with Haldimand County Hydro’s commitment to electrical safety as a top priority?” 84.26% of our customers indicated that they were satisfied or very satisfied with our efforts. Haldimand County Hydro promotes electrical safety to our customers in each bill insert under “Safety First” and for the past 14 years have made a community commitment to promote electrical safety in the our local schools.

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

In 2014, Haldimand County Hydro marked its third year compliant with regulation 22/04. The purpose of the audit is to assess Haldimand County Hydro’s own extent of compliance, with respect to Section four (4) through eight (8) of Ontario Regulation 22/04, to assess whether the distributor has appropriate processes in place to comply with the safety standards described in the regulation and whether the organization correctly follows its processes. The auditor reported zero “noncompliances” and zero “opportunities for improvement”.

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

In 2014, Haldimand County Hydro marked its fourth year without a serious general public incident on our distribution assets.

## System Reliability

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

On a system wide basis, in 2014, each Haldimand County Hydro customer experienced a reduction of 4.45 hours in the average number of power interruption hours compared to 2013. Amongst the total 114,424 customer interruption hours tracked in 2014, 47% were directly related to four (4) significant outage events. March 12, 2014 winter storm impacting 6,375 customers and 9,302 outage hours, May 21, 2014 micro burst impacting 3,831 customers and 17,156 outage hours, November 24, a wind event impacting 10,864 customers and 11,408 outage hours, and December 24<sup>th</sup> and 25<sup>th</sup> a wind event impacting 4,308 customers and 15,795 outage hours.

Haldimand County Hydro's capital and maintenance programs are developed to improve overall system reliability. This includes selecting construction projects in a priority basis based on age and condition of assets, system redundancy and capacity restraints. Along with ongoing capital investment in the distribution system, Haldimand County Hydro has been committed to a five year tree trimming cycle to manage tree growth in proximity to distribution lines and equipment. In 2014 outage hours due to tree contacts reduced from 12,608 in 2013 to 5,593. In part, the decrease can be attributed to Haldimand County Hydro's rigorous tree trimming program which has been in place since 2004.

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

In 2014, Haldimand County Hydro experienced four significant weather related events. March 12, 2014 winter storm impacting 6,375 customers, May 21, 2014 micro burst impacting 3,831 customers, November 24, a wind event impacting 10,864 customers, and December 24<sup>th</sup> and 25<sup>th</sup> a wind event impacting 4,308 customers. In the order of 55% of our customers who experienced an outage, the interruption was on account of adverse weather, lightning, tree contacts and adverse environment.

## Asset Management

- **Distribution System Plan Implementation Progress**

System planning touches all aspects of the organization and ensures the distribution system will continue to provide consistent and reliable service to all Haldimand County Hydro customers.

2014 marked the continuation of important system planning that began through the Cost of Service Distribution Rate Application process. This application, which was approved in 2014, includes components that shape the direction of future capital projects, asset management and renewable energy connections with anticipated capital and operating cost investment.

In 2014, Haldimand County Hydro's Distribution System Plan projected to spend \$6.37 million in Capital. Our actual spend was \$6.74 million. The increase in spending was on account of work at Dunnville Transformer Station costs occurring in 2014 rather than 2015 as a result of Hydro One's construction schedule.

The Distribution System Plan, approved for years 2014-2018, is reviewed on a regular basis to appropriately prioritize projects based on asset condition, improved reliability and power quality and system access.

## Cost Control

- **Efficiency Assessment**

The total costs for the Ontario Local Electricity Distributors are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The Local Electricity Distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2014, Haldimand County Hydro had predicted costs (three year average between years 2011-2014) of minus (-) 22% and ranked in Group 2 for the third year in a row. Local Electricity Distributors that ranked in Group 2 had average costs between 10-25% below predicted costs.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Haldimand County Hydro capital and operating costs and dividing this cost figure by the total number of customers that Haldimand County Hydro serves. The total cost per customer for 2014 is \$711 which is a 4.2% increase over 2013. Haldimand County Hydro operating costs decreased in 2014 from 2013 but our capital investment increased during the same time period. Along with costs, a further factor which impacts total cost per customer is growth. Haldimand County Hydro volume of customers does not change significantly year over year. Customer volumes increased by less than 0.5% compared to 2013 whereas operating costs increased by 0.8%.

- **Total Cost per Km of Line**

Total cost per Km of line is divided by the kilometers of line that Haldimand County Hydro operates to serve its customers. Haldimand County Hydro 2014 rate is \$8,762 per Km of line or a 5.4% increase over 2013.

## Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved)**

Conservation and Demand Management results are provided by the Independent Electricity System Operator (“IESO”).

Haldimand County Hydro did not meet its peak demand target assigned by the Ontario Energy Board for years 2011-2014. Haldimand County Hydro achieved 1.7 MW or 61.2% of our target. Reaching 100% of target could only be achieved through uptake of customer commercial and industrial program which have longer lead times.

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

Conservation and Demand Management results are provided by the IESO.

Haldimand County Hydro achieved 15.3 Gigawatt-hours or 114.84% of our mandated target set for years 2011-2014. Haldimand County Hydro is committed to providing customers with information on how to use the electricity we deliver efficiently.

## Connection of Renewable Generation

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

Local Electricity Distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days, for generation projects requiring no line expansion to connect, and 90 days where the distribution line must be expanded to connect a generator upon receiving the completed customer application and application processing fee. In 2014, Haldimand County Hydro completed nine (9) CIAs for small generation projects where the generation facility is less than or equal to 500 kW. Of the nine (9) projects, three (3) were completed on time (within 60 days) and six (6) projects were completed on time (within 90 days).

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

In 2014, Haldimand County Hydro connected 11 new micro-embedded generation facilities (generation projects of less than 10 kW) 100% of the time within the prescribed timeframe of five (5) business days. Haldimand County Hydro works closely with our customers and contractors to provide upfront information to ensure project milestones and decisions are made on time. Haldimand County Hydro has connected 234 microFIT projects since 2009. To balance early and extensive interest in the program, we have streamlined our processes to meet and exceed anticipated service levels.

## 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.

Haldimand County Hydro's current ratio is a slight decrease from 1.66 in 2013 to 1.32. Haldimand County Hydro remains in good financial health and in line with years 2010-2013.

- **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. In 2014, Haldimand County Hydro reported a debt to equity ratio of 0.41. Haldimand County Hydro continues to maintain a consistent debt ratio since 2010 which is well below the deemed capital mix equal to a debt equity ratio of 1.5(60/40).

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

Haldimand County Hydro's current distribution rates were approved in 2014 which included an expected deemed regulatory rate of return of 9.36%. The OEB allows Electrical Distributors to earn within +/-3% of the expected return on equity.

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

Haldimand County Hydro's return achieved in 2014 was 13.74%, which exceeds the range anticipated by the OEB. The average return over the past four (4) years is 11.16% which is well within the +/-3% range allowed by the OEB. Haldimand County Hydro achieved a higher return in 2014 on account of lower operating costs and increased revenue. The lower operating costs were on account of a portion of tree trimming being shifted to 2015 and a shift in labour costs to a capital project. Tree trimming costs for 2015 will be higher on account of 2014.

## Note to Readers of 2014 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.