

# Scorecard - Kingston Hydro Corporation

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	100.00%	97.80%	100.00%	100.00%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	99.80%	100.00%	100.00%	100.00%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	69.20%	64.20%	64.70%	66.90%	67.00%	↓	65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution						98.32%			
		Billing Accuracy						99.74%	↔	98.00%	
		Customer Satisfaction Survey Results						'A'			
<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	C	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	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted	1.08	1.45	1.78	4.87	0.97	↑		at least within 1.08 - 4.87	
		Average Number of Times that Power to a Customer is Interrupted	0.76	1.40	1.17	3.19	0.52	↑		at least within 0.76 - 3.19	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress						On track			
	<b>Cost Control</b>	Efficiency Assessment				3	3	3			
Total Cost per Customer <sup>1</sup>		\$476	\$500	\$493	\$517	\$501					
Total Cost per Km of Line <sup>1</sup>		\$35,510	\$37,046	\$36,554	\$38,667	\$38,384					
<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>		70.63%	91.54%	96.17%	112.87%	●		6.63MW	
		Net Cumulative Energy Savings (Percent of target achieved)		34.12%	78.53%	111.89%	123.68%	●		37.16GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time		0.00%	0.00%		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)	1.24	0.95	1.17	1.10	1.13				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.98	1.00	1.29	1.42	1.35				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.58%	9.58%	9.58%	9.58%			
			Achieved		6.26%	10.34%	9.03%	9.98%			

**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_Performance_Measure_Descriptions.pdf)

### Scorecard MD&A- General Overview

We’re proud of a successful year in 2014, meeting or exceeding all performance targets for the measures set out by the Ontario Energy Board (OEB) in this scorecard for the province’s 72 electricity distributors.

Utilities Kingston manages the assets of Kingston Hydro Corporation, along with municipal water, wastewater and gas utilities. This unique multi-utility model is a strong contributor to the strengths of Kingston Hydro’s financial and customer service outcomes.

As demonstrated in Kingston Hydro’s 2014 scorecard, we continue to strengthen our performance and service in many areas, particularly in Customer Focus and Operational Effectiveness.

The ice storm that affected much of the province in December of 2013 negatively impacted that year’s scores for System Reliability and Cost Control. The year 2014, however, resulted in the highest System Reliability score since 2010; a credit in part to our prudent tree trimming program.

As identified in the *Kingston Hydro Strategic Plan 2014-2017*, key areas of focus for the corporation in 2014 included customer service, capital improvements and conservation and demand management.

The customer service benefits of the multi-utility model are demonstrated not only by Kingston Hydro’s scorecard results, but also by the results of a third-party customer survey undertaken in 2014. We are extremely proud of exceeding provincial averages in all areas of this survey, with an overall rating of ‘A’ in customer satisfaction.

Utilities Kingston recently provided opportunities for consumers to give feedback on the reliability of the Kingston Hydro electricity distribution system and the spending decisions we will make over the next five years. Customers responded that **improved system reliability** and **just and reasonable rates** are important to them.

Results in these two key areas important to our customers will be furthered by work that continued in 2014: refining the asset management plan and developing the distribution system plan. Both of these efforts support sustainable infrastructure management and capital works planning, which in turn are expected to drive continued future improvements in Operational Effectiveness, in particular System Reliability.

Corporate focus on capital improvements and customer service in 2014 helped set the foundation for Kingston Hydro's rate application, submitted in 2015 to the OEB. This five-year electricity distribution plan will help determine the company's priorities and rates between 2016 and 2020, addressing three major areas of focus that will improve the safety and reliability of the Kingston Hydro electricity distribution system, while reducing the number of power outages to customers.

Kingston Hydro's results in Conservation and Demand Management confirm that, in working with our customers, we are provincial leaders in energy and water conservation. In 2014, we accepted the Electricity Distributors Association's inaugural *Ontario Power Authority Award for Conservation Leadership Excellence*.

In addition to the three areas of focus in customer service, capital improvements and conservation and demand management, we'd like to highlight an important category introduced to the scorecard in 2014: Safety.

With a very strong overall safety culture, and zero serious electrical incidents in 2014, Utilities Kingston and Kingston Hydro are committed to instilling safety as the highest value in the workplace, ensuring the safety of both the public and our employees.

Our dedication to make safety the overriding priority at all Kingston work sites was recognized in 2014 by both the Canadian Society of Safety Engineering *National Recognition of Excellence Award for Outstanding Achievement* and the Electrical Safety Authority *Worker Safety Award*. Our goal is clear and simple: get everyone home safe, every day.

## Service Quality

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

Kingston Hydro connected 199 new low voltage (less than 750 volts) services in 2014. This number is up from the 181 new low voltage services connected in 2013, but is lower than the historical trend (2010: 402 low; 2011: 313 low; 2012: 257 low). This work depends entirely on the needs of the customer and cannot typically be planned in advance. Understanding that getting connected is important to customers, Kingston Hydro prioritizes this work. All 199 low voltage services were connected within the target of 5 working days from the time all required permits have been issued.

- **Scheduled Appointments Met On Time**

Customers make appointments with Kingston Hydro for a variety of reasons. Kingston Hydro strives to complete all requested appointments within five business days. Some of these appointments require a meeting with the customer. In these cases, the target is to meet at the agreed upon time at least 90 per cent of the time. Kingston Hydro understands that being on time is important to deliver great customer service. For this measure, 100 per cent of a total of 645 appointments were met on time.

- **Telephone Calls Answered On Time**

In 2014, Customer Service Representatives answered a total of 51,501 calls. Of these, 67 per cent (34,526) were answered within 30 seconds. Kingston Hydro monitors this metric closely, as in 2011 and 2012 we fell just short of the expected performance of 65 per cent of calls answered within 30 seconds. Understanding that being able to reach a representative is important, we will continue to monitor this metric carefully.

## Customer Satisfaction

- **First Contact Resolution**

The First Contact Resolution measure is new in 2014 and is intended to measure at how effective we are in addressing your concerns. On a total of 19,979 contacts, we were able to answer your questions 98.32 per cent of the time without having to transfer you to another person.

- **Billing Accuracy**

The Billing Accuracy measure was introduced in October of 2014. From October to December we issued a total of 79,747 bills. Kingston Hydro understands that producing an accurate bill is extremely important and we focus on ensuring that all bills are accurate. During the October to December period, we achieved an accuracy rate of 99.74 per cent. This result exceeds the expected target of 98 per cent of all bills being accurate.

- **Customer Satisfaction Survey Results**

In early 2014, Utilities Kingston engaged UtilityPULSE, a division of Simul Corporation, to perform a third-party survey providing results for its electricity customers and comparisons to Ontario and national utilities. This represents the first customer satisfaction survey conducted on behalf of Kingston Hydro. In April 2014, a random sample of 405 electricity customers responded to the telephone survey (39 per cent response rate). Of the 405 customers, 15 per cent represented small commercial customers and the remainder were residential customers. The sample size was large enough to represent our customer base.

An overall rating of 'A' was achieved.

## SURVEY RESULTS

The Ontario benchmark percentages noted in the survey findings, below, show how Utilities Kingston has scored as compared to the rest of the province:

- Credibility and trust rating – 83 per cent (Ontario benchmark 77 per cent)
- Customer satisfaction – 91 per cent (Ontario benchmark 83 per cent)
- Problems solved – 81 per cent (Ontario benchmark 61 per cent)
- Provides reliable electricity – 93 per cent (Ontario benchmark 86 per cent)
- Quickly restores power – 88 per cent (Ontario benchmark 83 per cent)
- Operates a cost effective electricity system – 75 per cent (Ontario benchmark 62 per cent)
- Provides good value – 73 per cent (Ontario benchmark 63 per cent)
- Report card score – 'A' (Ontario benchmark B+)

The survey also identified opportunities the company will focus on to better serve its customers:

1. Making it easier to open or close an account when a customer moves. Utilities Kingston is improving its web-based account service.
2. Offering time estimates for the restoration of power during unplanned power outages. Utilities Kingston is further developing an online outage map to better inform its customers on planned and unplanned power outages and other utility interruptions.

The results of the survey were communicated both to our customers and to our employees. Our focus on customer service was reinforced and staff was recognized for delivering great service to our customers.

## Safety

- **Public Safety**

In 2015, the OEB introduced measures in the Safety performance category for 2014 reporting. This looks at safety from a customer's point of view, as safety of the distribution system is a high priority. The Safety category is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

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

First reporting of this component of the public safety measure will be shown on the scorecards for the year 2015.

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

In 2014, Kingston Hydro continued to meet the performance target of being 100 per cent compliant with the Ontario Electrical Distribution Safety Regulation 22/04, as was the case for the previous four years relevant to this scorecard. This has been substantiated through the annual independent Audit of Compliance and Declaration of Compliance, as well as the Electrical Safety Authority Due Diligence Inspection (DDI) and Reports of Public Safety Concerns. With a very strong safety culture, it is expected that Utilities Kingston, on behalf of Kingston Hydro, will continue to achieve these exemplary results.

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

This measure is the number and rate (normalized per 100 km of line) of serious electrical incidents involving the general public with Kingston Hydro assets. There were no such incidents for Kingston Hydro in 2014, yielding number and rate of zero.

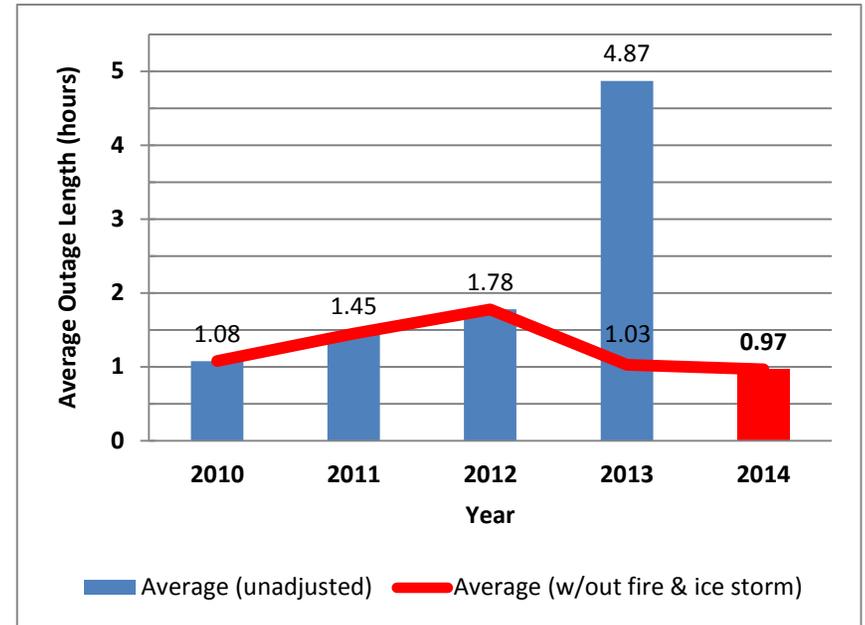
## System Reliability

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

Kingston Hydro tracks all electricity outages and strives to reduce the length of time that they affect our customers. Both planned and unplanned (emergency) power disruptions are included. In 2014, the average length of power outages was just under an hour, at 0.97 hours. This is well below the 2.3 hour combined average of the previous four years.

The graph at right illustrates that the year 2013 was anomalous with an average of 4.87 hours. Omitting the major fire and ice storm that occurred that year, the trend sees a reduction, with the peak in 2012. Tree contacts attributed for 64 per cent of the total customer-hours of interruption in 2012. Since Kingston Hydro has initiated a more stringent tree trimming practice, outages caused by tree contacts have been significantly reduced to five per cent of total customer-hours of interruption in 2014. Kingston Hydro fully intends to continue with this operational practice.

The largest impact on the 2014 average was electricity equipment breakdowns/failures that accounted for half of the total customer-hours of interruption. Analyzing these equipment failures and seeking to proactively repair or replace the assets prior to failure is an area that Kingston Hydro will be focusing in order to continue to reduce power interruptions.

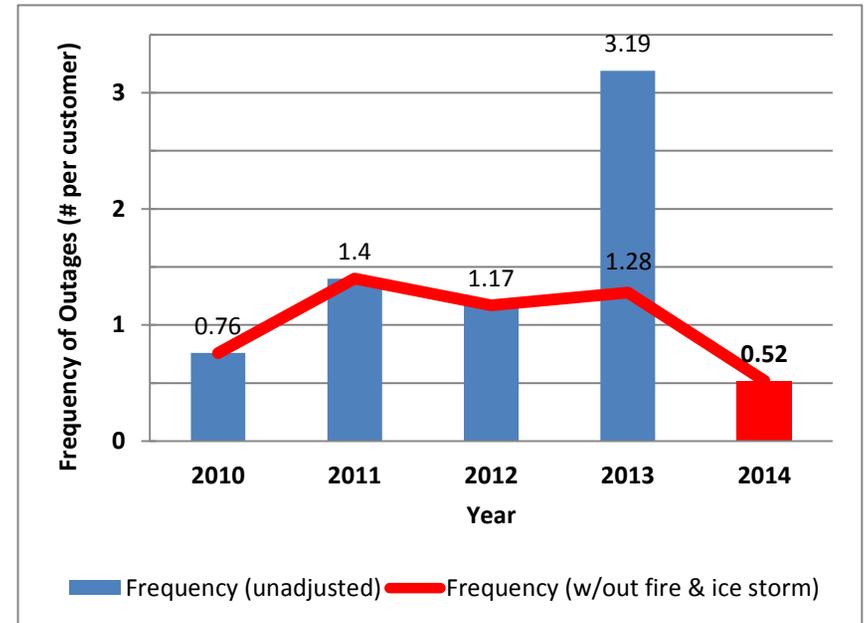


- **Average Number of Times that Power to a Customer is Interrupted**

Kingston Hydro's average number of times that power to a customer is interrupted (i.e., the frequency of power outages) was 0.52 in 2014, below the previous years' frequencies. As the graph to the right illustrates, when omitting the extraordinary fire and ice storm in 2013, the 2014 result is a positive one that Kingston Hydro aims to continue in future years.

Much of the reduction in 2014 can be attributed to Kingston Hydro's intensive tree trimming program, which has drastically reduced tree contacts with live wires. Other contributing factors include the systematic replacement of deteriorated assets such as old oil-type switches that cannot be operated while under electrical load, and rebuilding pole lines to more robust engineering standards to withstand stronger weather events.

Although equipment breakdowns and failures caused the most interruptions (almost 45 per cent), Kingston Hydro will, over the next few years, continue with all of the programs noted above in order to keep the number of power interruptions to a minimum for our customers.



## Asset Management

- **Distribution System Plan Implementation Progress**

Asset management forms part of a new requirement to undertake Distribution System Plans. Distribution System Plan (DSP) implementation is a new performance measure instituted by the OEB in 2013, for 2014 reporting. Kingston Hydro completed its Distribution System Plan in 2015 as part of its 2016 Custom IR rate application submission to the OEB (EB-2015-0083). The DSP outlines Kingston Hydro's forecasted capital expenditures, over the next five years (2016-2020), required to maintain and expand Kingston Hydro's electricity system to serve its current and future customers.

Throughout 2014, Kingston Hydro was developing its asset management program, which was not finalized until early 2015. As a consequence, Kingston Hydro cannot directly report on the implementation of its asset management program for 2014. The following observations regarding the 2014 capital expenditures as it relates to the asset management plan are:

- Kingston Hydro's actual capital expenditures were within 1.5 per cent of the planned expenditures in 2014.
- Kingston Hydro's actual expenditure pattern in 2014 was/is consistent with the proposed expenditure pattern in Kingston Hydro's Distribution System Plan.

<b>Category of Investment</b>	<b>2014 (%)</b>	<b>DSP (%)</b>
System Access	15.8	14.6
System Renewal	66.0	67.6
System Service	6.8	7.8
General Plant	11.4	10.1

Kingston Hydro's infrastructure planning continues to focus capital investments on replacing and/or refurbishing system assets to extend the original service life of the asset and thereby maintain the ability of the electrical system to provide safe and reliable electrical service to customers.

## Cost Control

- **Efficiency Assessment**

Total costs for Ontario local distribution companies (“LDCs”) are evaluated by the Pacific Economics Group on behalf of the OEB to divide LDCs into five groups depending on the difference between their predicted and their actual costs.

For the third consecutive year in 2014, Kingston Hydro maintained an efficiency assessment of Group 3, meaning Kingston Hydro’s actual costs continued to be within +/-10 per cent of predicted costs.

- Group 3 is considered average efficiency. Kingston Hydro continues to manage its expenditures to ensure efficiencies will be maintained at a minimum of Group 3.

**Total Cost per Customer**  
Total cost per customer is the sum of all the capital and operating costs incurred by the Kingston Hydro to provide service to its customers, divided by Kingston Hydro’s total number of customers. Kingston Hydro’s result for 2014 is \$501 per customer, a three per cent decrease from 2013.

Kingston Hydro’s average over the past four years is \$503 per customer.

Kingston Hydro’s 2016 Custom IR rate application has outlined capital and operating costs estimates for the 2015 through 2020 period. Kingston Hydro continues to communicate and obtain input from our customers to obtain their viewpoint so that a balanced approach to rate increases and system renewal initiatives are considered in our planning.

- **Total Cost per Km of Line**

Total cost per Km of Line is the sum of all the capital and operating costs incurred by the Kingston Hydro to provide service to its customers, divided by Kingston Hydro’s total kilometres of line. Kingston Hydro’s result for 2014 is \$38,384 per km of line, approximately the same as 2013.

Kingston Hydro’s average over the past four years is \$37,657 per km of line.

Kingston Hydro’s 2016 custom IR rate application has outlined capital and operating costs estimates for the 2015 through 2020 period. Kingston Hydro continues to communicate and obtain input from our customers to obtain their viewpoint so that a balanced approach to rate increases and system renewal initiatives are considered in our planning.

## Conservation & Demand Management

Energy conservation is the cleanest and least-costly way to increase electricity system capacity. It empowers customers to manage their electricity use and save money. It can extend the useful life of existing infrastructure and reduces the environmental impact of electricity distribution and generation.

As a condition of its OEB license, Kingston Hydro is required to achieve verified cumulative energy conservation and peak demand reduction targets of 37 GWh and 6.7 MW respectively between January 1, 2011 and December 31, 2014. Kingston Hydro's OEB-filed strategy, budget and annual conservation reports are publicly available at [www.kingstonhydro.com/CDM](http://www.kingstonhydro.com/CDM).

More details are available in Utilities Kingston and Kingston Hydro annual reports available at [www.utilitieskingston.com/AboutUs.aspx](http://www.utilitieskingston.com/AboutUs.aspx) and <http://www.kingstonhydro.com/AboutUs>. Kingston Hydro is one of the only Ontario electricity distributors to have exceeded both its 2014 energy conservation and peak demand savings targets.

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

According to the IESO's 2011-2014 Final CDM Results, published on September 1, 2015, Kingston Hydro has achieved 112.9 per cent of its 2011-2014 Net Peak Demand Savings target. Province-wide, LDCs only achieved 69.8 per cent of the Provincial Net Peak Demand Savings target.

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

According to the IESO's 2011-2014 Final CDM Results, published on September 1, 2015, Kingston Hydro has achieved 123.7 per cent of its 2011-2014 Net Cumulative Energy Savings target. Province-wide, LDCs achieved 109.2 per cent of the Provincial Net Cumulative Energy Savings target.

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2014, Kingston Hydro completed one CIA and it was done within the prescribed time limit.

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

Kingston Hydro connected eleven small generators producing less than 10 kW of power in 2014. With a target of connecting them within five business days, 90 per cent of the time (unless the customer agrees to a later date), Kingston Hydro was able to connect 100 per cent within that timeframe. Kingston Hydro continues to receive positive feedback from our micro-generators regarding our streamlined and easy processes, and the high level of support they receive from our staff.

## Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

A common way of measuring the financial health of a company is through financial ratios.

This first ratio measures whether or not the utility has enough resources (assets) on hand at a particular point in time to pay the debts that could become due over the next 12 months. Kingston Hydro's Current Ratio is at 1.13:1.00 as at December 31, 2014 indicating that for every \$1.00 of short term liabilities due it has \$1.13 of assets available to fund those payments. This ratio has been relatively consistent over the period 2010-2014.

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

This measures the degree to which the utility is leveraging itself through its use of borrowed money. The OEB uses a deemed capital structure (debt:equity) of \$1.50 to \$1.00. Kingston Hydro's debt:equity ratio of \$1.35 to \$1.00 is approaching the deemed capital structure of \$1.50:\$1.00. Kingston Hydro believes it is prudent in the current environment to leave some room for additional short term borrowing in the event more funds are required to fund regulatory asset balances in the future.

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

Return on Equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the OEB. Kingston Hydro's current approved return on equity is 9.58 per cent, which was awarded during the 2011 cost of service rate application proceeding.

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

This shows the utility's actual Return on Equity earned each year for the period 2011 through 2014. Kingston Hydro achieved a return on equity of 9.98 per cent in 2014 slightly higher than the deemed return on equity of 9.58 per cent. Kingston Hydro's operating expenditures in 2014 were lower than our normalized operating expenditures due to time spent in 2014 on performing work on behalf of customers.

## 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.