

Scorecard - Hydro 2000 Inc.

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	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%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	100.00%	98.50%	99.70%	99.40%	99.60%		65.00%	
	Customer Satisfaction	First Contact Resolution				95%	95%			
		Billing Accuracy				99.86%	99.98%		98.00%	
		Customer Satisfaction Survey Results				97%	97%			
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					83.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	NI	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	0.47	0.17	0.02	0.01	0.03		0.78	
		Average Number of Times that Power to a Customer is Interrupted ²	0.49	0.09	0.02	0.01	0.06		0.40	
	Asset Management	Distribution System Plan Implementation Progress				in progress	30%			
	Cost Control	Efficiency Assessment		3	3	3	3			
		Total Cost per Customer ³	\$464	\$525	\$531	\$480	\$545			
		Total Cost per Km of Line ³	\$26,713	\$30,417	\$30,838	\$27,930	\$31,773			
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					5.93%		1.36 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		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)	1.62	1.55	1.54	1.74	1.75			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.22	0.19	0.12	0.05	0.00			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.57%	9.12%	9.12%	9.12%	9.12%		
			Achieved	9.12%	-17.49%	7.40%	31.78%	11.22%		

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 fixed 5-year (2010 to 2014) average 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 new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Hydro 2000 Inc.

2015 Scorecard Management Discussion and Analysis (“2015 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 2015 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2015, Hydro 2000 Inc (“Hydro 2000”) either maintained or exceeded all performance targets. This is a result of the utility continuously seeking ways to implement cost saving solution and promoting cost sharing with neighboring utilities.

Going forward, the utility will continue to strive to improve its overall scorecard performance results as compared to prior years.

Service Quality

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

In 2015, Hydro 2000 connected two new low voltage service and both were connected within 5 days.

- **Scheduled Appointments Met On Time**

Hydro 2000 met 100% of its scheduled 42 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

Hydro 2000 has also recently made changes to its internal processes so that robust practices are established and detailed data is collected ensuring that an audit trail exists for all information submitted to the OEB. Such processes requires strong staff support to collect and verify data, work with management to confirm accuracy, and ensure that deadlines are met in a timely fashion and that the information collected complies with the regulators expectations

- **Telephone Calls Answered On Time**

In 2015 Hydro 2000 customer service agents received 4069 calls from its customers. An agent answered 4053 calls in 30 seconds or less in 99.6% of these calls. This result significantly exceeds the OEB-mandated 65% target for timely call response. The 2015 result were identical to 2014's 99.6% results.

Customer Satisfaction

- **First Contact Resolution**

In compliance with the Scorecard requirements, the utility plans on conducting its bi-annual customer satisfaction in the fall of 2016 however, until that time, and for the purpose of reporting it First Contact Resolution, the utility continues to rely on its 2014 survey results. First Contact Resolution was measured based on surveyed customers - HHI has only recently started tracking its "First Contact Resolution" metric. In order to comply with this requirement, the utility used the results 9 related survey questions. The utility is of the opinion that the results reflect accurate results.

Customers were asked to rate various facets of their customer experience, including Courtesy, Knowledge and Promptness and were also asked if their issue (i.e. their reason for calling) was resolved on their first call to the utility. HHIE's internal process dictates that within 24 hours of their initial inbound contact, a customer service representative will contact the customer either via phone or email in an attempt to answer questions or attempt to resolve the issue. If need be, the general manager will intervene to help resolve the issue.

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2015 – December 31, 2015, Hydro 2000 issued 14,789 bills and achieved a billing accuracy of 99.98%. This compares favorably to the prescribed OEB target of 98%.

Hydro 2000 continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

Hydro 2000 conducted a customer satisfaction survey in September of 2014. The survey was the first survey conduction by the utility. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options

- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.
- Customer support for greater use of renewable energy.
- Customer opinions regarding how aggressively sustainable practices should be pursued.
- Cost of Electricity
- Overall Performance

The survey was developed in-house through a collaborative effort of 6 utilities.

Developing an in-house survey gave the group more control and flexibility surrounding the delivery of the survey. The group approached a select number of customer for their opinion on the method in which they would prefer to be approached by the surveyors (e.g. written survey, online survey or phone survey). The customer's least preferred method was a phone survey.

The survey was also sampled with a select group of customers before it was published. Based on the comments received by the sample group, the survey was further revised the survey to adopt the recommendations of the customer.

In Hydro 2000's case, a bill insert was included in all customer bills. The insert explained that the survey was available online, in hard copies at the utility's offices or by telephone. In its 2014 Scorecard Distributor Hydro 2000 reported the number of customers that were very or fairly satisfied with the utility. Distributor Hydro 2000 Inc received an overall score of 95%.

The utility intends on conducting the survey on a bi-annual basis in an effort monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

Safety

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

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of key electrical safety precautions among public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The results of the ESA survey show that Hydro 2000's customers have a 83% awareness level with respect to safety. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

As a licensed distributor, Hydro 200 must comply with Ontario Regulation 22/04 Electrical Distribution Safety and compliance with this regulation is subject to annual Audits and Declarations of Compliance. HHI has established practices and procedures that comply with Ontario Regulation 22/04 and has reported satisfactory Audits. Hydro 2000 is also required to submit an annual Declaration of Compliance for certain sections of the regulation; these have also indicated compliance. ESA also undertakes a series of Due Diligence Inspections with all distributors. No significant items raised from these inspections.

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

Hydro 2000 did not have any serious electrical incident to report in 2015.

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System Reliability

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

Hydro 2000 experienced in 2015 a decrease in the average number of hours that power to customers was interrupted. In 2015 Hydro 2000 did not have any major storm in its service are. Squirrel and animal damages also declined in 2015 which directly contribute to the decrease of hours of interruption. Hydro 2000's construction standards are being reviewed to improve resiliency to severe weather.

Hydro 2000's system reliability is very stable and only varies with adverse weather which tends to fall outside of the utility's control. If a power failure occurs inside of the utility's distribution system, the utility is quick in contacting it third party provider in order to rectify the issue. Hydro 2000 Inc continues to view reliability of electricity service as a high priority the utility continues to monitor its distribution assets on a regular basis.

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

Hydro 2000's Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 0.06 was below the average distributor-specific target of 0.40. The frequency of outages has gradually decreased in recent years. Hydro 2000 has adopted a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability.

Asset Management

- **Distribution System Plan Implementation Progress**

Hydro 2000 is working on its Distribution System Plan and is hoping to have a draft completed by end of 2016. Hydro 2000 Inc is currently working on the asset registry and asset management plan portion of its distribution system plan.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. Hydro 2000 was placed in Group 3 which represents a stretch factor of 0.30. Group 3 is considered “average efficiency” – in other words, Hydro 2000’s costs are within the average cost range for distributors in the Province of Ontario. Hydro 2000’s costs have increased by 12.2% compared to 2014. Although Distributor Hydro 2000’s forward looking goal is to advance to the “more efficient” group, management’s expectation is that efficiency performance will not decline. Hydro 2000 will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Hydro 2000’s capital and operating costs and dividing this cost figure by the total number of customers that Hydro 2000 serves. The cost performance result for 2015 is \$545/customer which is higher than \$480 reported in 2014.

Under the new management of the utility, financial tools and process have been put in place to ensure that costs remain in line with board approved costs. Going forward, Hydro 2000 will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. Hydro 2000 will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on Hydro 2000’s capital spending plans.

- **Total Cost per Km of Line**

Hydro 2000's 2015 rate is \$31,773 per Km of line, which represents an increase from 2014 which reported a cost per Km of 27,930. Hydro 2000

experienced a low level of growth in its total kilometers of lines due to a low annual customer growth rate. Hydro 2000 continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to its customers.

Conservation & Demand Management

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

From the time GreenSaver took over as Conservation and Demand Management (CDM) portfolio managers on behalf of Hydro 2000 Inc. in June 2015, the year has progressed strong. To date, an estimated total of 73 MWh in energy savings has been realized for 2015, falling short of reaching 2015's target. However, there remain a number of retrofit applications submitted, reviewed, and approved in 2015, with scheduled completion dates into 2016. Once these projects complete and the savings are realized, we expect to be on track for reaching the target ahead of the 2017 midpoint review.

Looking ahead to portfolio delivery activities in 2016, we expect continued success through the retrofit program as we work to support current participants, and engage in outreach to foster new project uptake. In addition, we expect the 2016 relaunch of the Small Business Lighting Program to help deliver additional saving. We also will focus efforts to increase program uptake and customer satisfaction among the residential sector. Specifically, we expect that the new Home Assistance Program will better serve Hydro 2000's residential customers (particularly renters), and will therefore help deliver further savings.

Connection of Renewable Generation

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

Hydro 2000 did not receive any applications for renewable generation connection impact Assessments.

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

Hydro 2000 did not receive any applications for new micro-embedded generation facilities.

Financial Ratios

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

Hydro 2000's current ratio increased from 1.74 in 2014 to 1.75 in 2015 which exceeds the indicator of good financial health.

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

In accordance with Board policy the utility uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40).

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

Hydro 2000's current distribution rates were rebased and approved by the OEB in 2015 and include an expected (deemed) regulatory return on equity of 9.12%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

Hydro 2000 achieved returns of 11.22% within the 300 point basis. Under new management, Hydro 2000 has recently put in place financial tools to help the utility keep its ROE in line with the Board approved rate of 9.12%.

Note to Readers of 2015 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.