

Scorecard - Hydro Hawkesbury Inc.

9/29/2016

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%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	97.80%	97.40%	100.00%	100.00%		90.00%		
		Telephone Calls Answered On Time	99.80%	99.90%	100.00%	99.90%	99.90%		65.00%		
	Customer Satisfaction	First Contact Resolution				94%	94%				
		Billing Accuracy				99.99%	99.99%		98.00%		
		Customer Satisfaction Survey Results				92%	92%				
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							78.00%		
		Level of Compliance with Ontario Regulation 22/04 ¹	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	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.19	0.76	1.09	0.13	1.11			0.67	
		Average Number of Times that Power to a Customer is Interrupted ²	0.19	0.69	0.47	0.25	0.48			0.50	
	Asset Management	Distribution System Plan Implementation Progress				46%	In progress				
	Cost Control	Efficiency Assessment		1	1	1	1				
		Total Cost per Customer ³	\$254	\$262	\$284	\$260	\$261				
		Total Cost per Km of Line ³	\$21,240	\$22,134	\$23,045	\$21,050	\$21,120				
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							14.68%	7.92 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	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)	1.12	1.18	0.97	0.95	1.00				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.17	0.31	0.43	0.39	0.35				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.01%	9.36%	9.36%			
			Achieved	20.35%	7.69%	1.00%	12.48%	19.72%			

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 Hawkesbury 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, the Hydro Hawkesbury Inc (“HHI”) has for the most part, either maintained or exceeded all performance targets with the exception of Financial Ratios and System Reliability. The most significant improvement in 2015 is the cost control measures where the utility managed to improve its efficiency assessment, and maintained its cost per customer and cost per km of line at the same level as 2014. Hydro Hawkesbury has been ranked as the most efficient utility in Ontario for the past 5 years with cost per customer far lower than other utilities. In 2016, the company plans on continuing its efforts to improve its overall scorecard performance results.

Service Quality

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

In 2015, HHI connected 11 services of which 100% were connected to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). Where possible, HHI also coordinates connection activities with local municipalities and other agencies, to further enhance the coordination between municipal and electrical distribution construction activities.

HHI 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.

- **Scheduled Appointments Met On Time**

In 2015, HHI scheduled 77 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%.

HHI's new processes as explained above also affect this area ensuring that an audit trail exists for all information submitted to the OEB. The internal processes were only implemented on January 1 2016 and as such, the benefits of these improvements won't be reported until 2017.

- **Telephone Calls Answered On Time**

In 2015 HHI customer service received 7466 calls from its customers. An agent answered calls in 30 seconds or less in all except 10 calls. This result significantly exceeds the OEB-mandated 65% target for timely call response. The 2015 result are identical to the 2014 results.

Customer Satisfaction

- **First Contact Resolution**

In advance of its 2018 Cost of Service, the utility plans on conducting a customer satisfaction survey 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 October 1, 2015 – December 31, 2015 HHI issued more than 16,698 bills and achieved a billing accuracy of 100%. For 2015, HHI achieved 99.99% billing accuracy. This compares favorably to the prescribed OEB target of 98%.

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

- **Customer Satisfaction Survey Results**

HHI surveyed its customers in September of 2014. The 2014 survey is the first survey conducted by the utility. As explained, the utility continues to rely on its 2014 survey results until a new survey is conducted. 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 customers 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 utility published its survey through their website.

In HHI's case, a bill insert was sent along with the customer bills, to all customers indicating that the survey was available through the website. The responses to the survey were less than expected but the utility will continue to find other ways of reaching out to its customers to get their input. The utility intends on conducting the survey on a bi-annual basis in an effort to 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 utility conducted an online survey between February 8 2016 and April 21, 2016. The results of the survey indicated a 78% score on Public Awareness. 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, HHI 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. HHI 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**

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

System Reliability

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

HHI experienced an increase in the average number of hours that power to a customer was interrupted during 2015. The increase in 2015 was mainly due to planned outages and storms. HHI had to shut down power to build a new line and put in place capital additions for the Hawkesbury General Hospital. This accounted for 1322 hrs. Another contributor was also the loss of power of 115 kV at the end of May which was caused by a storm. This particular incident accounted for 1234 hrs. HHI also lost power from its 44KV following a major storm in October where a tree fell on both the 44KV and 12.4KV lines. This incident accounted for a total of 3323 hours. The number of interruptions reported as 6131 in 2015 is significantly higher than the reported 752 in 2014.

HHI's system reliability is very stable and tends to 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 responding and rectifying the issue. HHI 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**

HHI experienced an increase in the average number of interruptions during 2015. The result of the increase was explained above. The results reported show that the interruptions increased from 0.25 in 2014 to 0.48 in 2015.

Asset Management

- **Distribution System Plan Implementation Progress**

HHI filed an Asset Management Plan as part of its 2014 Cost of Service application. Accordingly, HHI is now in the process of working on its Distribution System Plan ("DSP").

HHI has reported 60% completion of the DSP at December 31, 2015 herein with the understanding that the measure refers to the percentage represented on a project management progress view of the drafting of the DSP document itself, and does not reflect implementation. The utility plans of filing its Distribution System Plan in April of 2017 as part of its 2018 Cost of Service application.

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. HHI has been placed in group I which represents the most efficient group. This also represents no change from 2014. The utility has been placed in the most efficient group since 2011. HHI's OM&A costs have decreased by 5.4% in 2015 compared to 2014. The utility invested more in much needed substation work in 2015 which resulted in an increase in capital costs of 10.6%. The utility overall costs increased by 0.3%. HHI 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 HHI's capital and operating costs and dividing this cost figure by the total number of customers that HHI serves. The cost performance result for 2015 is \$ 261/customer which represents a marginal change from \$260.00/customer in 2014.

HHI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts as demonstrated in its 2014 Cost of Service application, HHI 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 HHI's capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

HHI's 2015 rate is \$21,120 per Km of line, an .3% decrease over 2014. HHI generally experienced a low level of growth in its total kilometers of lines due the fact that HHI is not seeing much growth in its service area. Regardless of the lack of growth, HHI 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 Hawkesbury in June 2015, the year has progressed strong, culminating in the accumulation of formidable total energy savings by year end. To date, an estimated total of 1,111 MWh in energy savings has been realized for 2015, representing an impressive 167% of 2015's target. In addition, there remain a number of retrofit applications submitted, reviewed, and approved in 2015, with scheduled completion dates into 2016. These projects are expected to deliver an additional 1,692 MWh in energy savings once completed. As a result of these submissions, we are already in line to surpass 2016's conservation target.

Looking ahead to portfolio delivery activities in 2016, we will continue to support the large Retrofit applications that are driving overall portfolio savings. Furthermore, we expect the 2016 relaunch of the Small Business Lighting Program to help deliver additional savings, as will focused efforts to increase program uptake and customer satisfaction among the residential sector. Finally, we expect that PSUI studies submitted for 2016, although large initial investments on the LDC's part, will eventually lead to very large energy-saving projects.

Connection of Renewable Generation

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

HHI does not have any Fit projects in 2015 and as such did not need Connection Impact Assessments

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

HHI did not have any MicroFit projects in 2015.

Financial Ratios

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

HHI's current liquidity rating of 1.00 increased slightly from 0.95 in 2014 which indicates 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. HHI's Actual Total Debt to Equity Ratio for 2015 is 0.35. Debt-equity ratio is one of the ways to measure the utility's financial health. HHI continues to monitor its ratio to keep it at the same level as the Board approved ratio.

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

HHI's current distribution rates were rebased and approved by the OEB in 2014 and include an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

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

HHI's current return is 19.72% which represents an increase of 10.36%. This is not particularly indicative of an overearning performance but rather the result of delays in investments cause by factors outside of the utility's control. In 2015, the utility was more conservative in its spending because of the lack of funds related capital investments. The issues has since then been rectified therefore the utility does not anticipate the achieved ROE to remain as high in 2016. HHI's actual rate of return is 6.03% which creates a sufficiency of \$39,629. As mentioned above, the utility has put several analysis tools in place to ensure that the utility's rate of return is more in lined with the approved rate of return. HHI has put in place financial tools and spreadsheets which is insure that its capital and operational spending will be in line with 2014 results.

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.