

Scorecard - Oakville Hydro Electricity Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	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	95.40%	96.60%	95.40%	90.70%	94.60%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	81.10%	83.70%	82.10%	81.50%	80.60%		65.00%	
	<b>Customer Satisfaction</b>	First Contact Resolution			98.9%	99%	98.5			
		Billing Accuracy				99.92%	99.91%		98.00%	
		Customer Satisfaction Survey Results			93%	92%	92%			
<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					80.00%			
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	NI	C	NI	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	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 <sup>2</sup>	0.46	0.81	0.83	0.46	0.48			0.66
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.01	0.97	1.09	0.58	0.58			0.96
	<b>Asset Management</b>	Distribution System Plan Implementation Progress				On Track	On Track			
	<b>Cost Control</b>	Efficiency Assessment		4	4	4	3			
		Total Cost per Customer <sup>3</sup>	\$710	\$695	\$730	\$720	\$732			
Total Cost per Km of Line <sup>3</sup>		\$31,053	\$29,135	\$26,377	\$26,116	\$26,730				
<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 Cumulative Energy Savings <sup>4</sup>					23.00%		92.39 GWh	
	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%		100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time			100.00%	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)	0.83	1.83	1.80	1.59	1.53			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.27	1.26	1.18	1.09	1.08			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.36%	9.36%		
			Achieved	6.78%	5.49%	6.03%	9.94%	9.35%		

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



## 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](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf)

### Scorecard MD&A - General Overview

In 2015, Oakville Hydro performed well in all performance target areas, exceeding industry standards in all measures where an industry standard has been established and meeting or exceeding all distributor based targets.

**Customer Focus:** Oakville Hydro strives to provide overall excellence in customer service quality and satisfaction. In 2015, Oakville Hydro exceeded the industry targets related to service quality and customer satisfaction. In addition, Oakville Hydro's annual customer satisfaction survey gathered valuable input from customers on their service expectations and overall satisfaction.

**Safety:** At Oakville Hydro, the safety of the public and our employees is our top concern. In 2015, we introduced a public safety awareness campaign to educate the public on how to keep safe around electrical lines and equipment. In 2015, Oakville Hydro conducted its first public safety survey to measure the level of public safety awareness in Oakville. This survey provided Oakville Hydro with insight into the areas in which there are opportunities to improve its public safety awareness campaign. The Electrical Safety Authority completed its annual audit of Regulation 22/04 and Oakville Hydro was fully compliant.

**System Reliability:** In 2014, Oakville Hydro reduced the average number of power interruptions to the lowest level in five years with Oakville residents being able to rely on the power being on 99.995% of the time. In 2015, Oakville Hydro was able to maintain this exceptional level of system reliability and service.

**Asset Management and Cost Control:** In 2015, Oakville Hydro was one of the seven utilities in the province who moved to a lower stretch factor ranking based on improved cost performance. Oakville Hydro was able to achieve this performance improvement while delivering on its planned infrastructure investment and asset maintenance program.

**Conservation and Demand Management:** Oakville Hydro's Conservation and Demand Management programs continue to be very important. Oakville Hydro successfully delivered these programs to many homes and businesses in Oakville, which resulted in a reduction of 22 GWh – 23% of its six-year target.

**Financial Performance:** Oakville Hydro's financial ratios demonstrate that it is well positioned to meet growth and sustain the value of service that its customers demand.

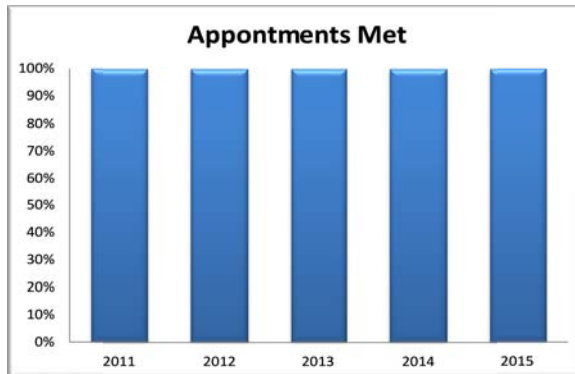
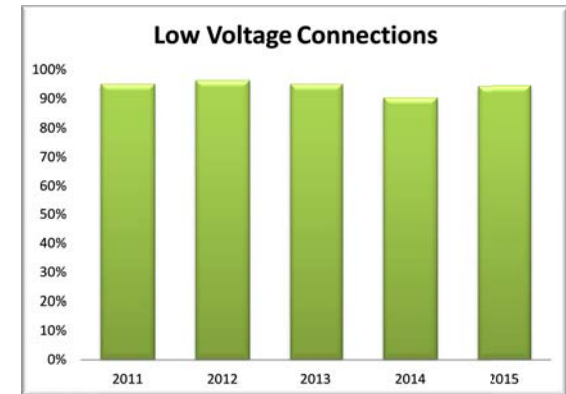
**Looking Forward:** In 2016, Oakville Hydro is working to improve its overall scorecard performance results. Oakville Hydro's primary goal is to provide safe and reliable electricity to residences and businesses in Oakville now, and into the future.

## Service Quality

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

In 2015, Oakville Hydro connected over 900 new services for residential and small business customer under 750 volts. As an electricity distributor, Oakville Hydro is required to complete these connects within the five-day timeline prescribed by the OEB 90%, of the time.

After experiencing an unusually high volume of requests for new services in 2014, the number of new connections returned to average levels in 2015. As a result, our performance showed an improvement of approximately 4%, compared with 2014, connecting 94.6% of new customers within the prescribed time line. For the period 2011 through 2015, Oakville Hydro has consistently performed better than the industry standard of 90%.



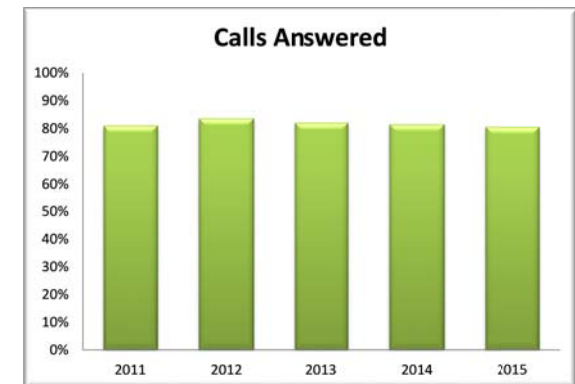
- **Scheduled Appointments Met On Time**

Oakville Hydro scheduled approximately 1,400 appointments with our customers in 2015 to complete requested work, read meters or reconnect services. For the five-year period from 2011 through 2015, Oakville Hydro has consistently met 100% of its scheduled appointments, a significant accomplishment.

- **Telephone Calls Answered On Time**

In 2015, Oakville Hydro answered over 57,000 calls from its customers – that’s more than 200 calls per day. More than 80% of those calls were answered within 30 seconds. That’s well above the OEB’s requirement to answer 65% of the calls that it receives within 30 seconds.

For the period 2011 through 2015, Oakville Hydro has consistently performed better than the industry standard.



## Customer Satisfaction

- **First Contact Resolution**

Oakville Hydro strives to resolve customer inquiries during the initial contact. If there is a need to call the customer back or to escalate the question or complaint, the event is logged. The measure for First Contact Resolution is then calculated as the number of customer contacts not resolved with the first contact divided by the total number of customer contacts. In 2015, Oakville Hydro resolved 98.5% of its customer contacts on the first contact.

The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure 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.

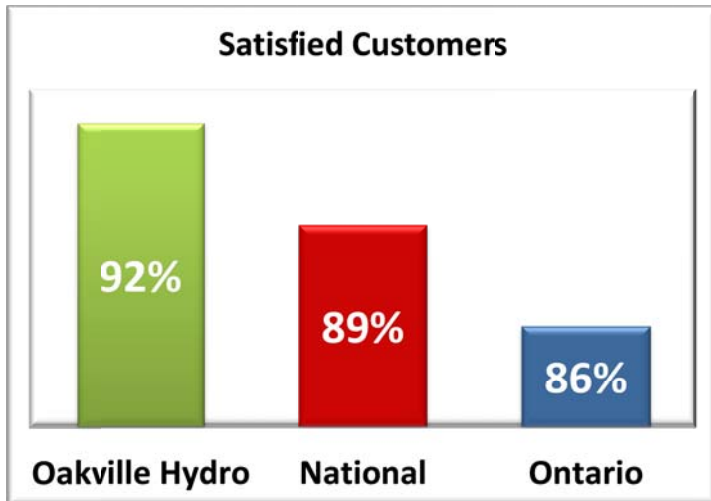
- **Billing Accuracy**

Providing our customers with accurate and timely bills is important to us, and, since we started tracking our billing accuracy in 2014, we have achieved a score of 99.9% accuracy.

- **Customer Satisfaction Survey Results**

The OEB introduced the Customer 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 electricity distributor's discretion as to how they implement this measure.

Over the past five years, Oakville Hydro has conducted annual customer satisfaction surveys. These customer satisfaction surveys provide us with information that supports our discussions surrounding improving customer service. The survey asks our customers questions on a wide range of topics, including: overall satisfaction with Oakville Hydro, reliability, trust, customer service, outages, billing and corporate image.



In addition, Oakville Hydro develops questions that will help us in gathering data about our customer's expectations and needs. This data is incorporated into Oakville Hydro's planning process and forms the basis of plans to improve customer satisfaction and meet the needs of customers.

Oakville Hydro's 2015 Customer Satisfaction Results contain a number of measures of customer satisfaction. In its 2015, Scorecard Oakville Hydro reported the number of customers that were "very or fairly satisfied with Oakville Hydro". Oakville received a score of 92% on this measure compared with an average score of 89% nationally and 86% for other electricity distributors in Ontario.

- **Public Safety**

### Component A – Public Awareness of Electrical Safety

At Oakville Hydro, the safety of the public and our employees is our top concern. In 2015, we introduced a public safety awareness campaign to educate the public on how to keep safe around electrical lines and equipment. We provided safety information to our customers through our website, social media and in the Oakville Beaver.

We also co-hosted a Powerline Safety Awareness seminar with Burlington Hydro and the Electrical Safety Authority, along with the Ontario Ministry of Labour.

In 2015, Oakville Hydro conducted its first public safety survey to measure the level of public safety awareness in Oakville. Approximately 400 people aged of 18 or over were asked six questions that corresponded to the six most frequent incidents involving utility equipment over the past 10 years. For 2015, Oakville Hydro achieved a score of 80%.

This survey provided Oakville Hydro with insight into opportunities to improve its public safety awareness campaign. Over the next two years, Oakville Hydro will focus on those areas in which there is the greatest need for improvement.

### Component B – Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 - Electrical Distribution Safety establishes electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed electricity distributors. The regulation requires the approval of equipment, plans and specifications as well as the inspection of electrical equipment before it is put into service. Oakville Hydro engages an auditor to audit on its compliance with the regulation and to prepare an audit report on an annual basis.

Oakville Hydro is committed to ensuring that its distribution system is safe and that it complies with all electrical safety requirements. To that end, Oakville Hydro established a monthly process to monitor and review compliance with safety Ontario Regulation 22/04. In 2015, the compliance audit has been completed and Oakville Hydro received a “Compliant” rating.

### Component C – Serious Electrical Incident Index

The Serious Electrical Incident Index measures the number and rate of serious electrical incidents involving the public and occurring on Oakville Hydro’s distribution assets. Oakville Hydro’s first priority is safety. Oakville Hydro is proud of its record of not having any serious electrical incidents occurring on its distribution assets in the five-year period measured by the scorecard.

## Public Safety Awareness Information

*When undertaking outdoor activities - such as cleaning windows or trimming trees - how close can you safely come to an overhead power line with your body or an object?*

**3 to 6 metres**

*How dangerous do you believe it is to touch - with your body or an object - an overhead power line?*

**Very Dangerous**

*If you were to undertake a household project that required digging - such as planting a tree or building a deck - how likely are you to call to locate electrical or other underground lines?*

**Definitely**



Oakville Hydro has and will continue to focus on reliability and safety in order to meet the expectations of its customers. Oakville Hydro's distribution assets are optimized through the evaluation of asset health, capacity utilization, performance measures, and risk consequence failure analysis and balance against cost efficiency and effectiveness. Oakville Hydro makes the necessary ongoing investments in its distribution system, including measured adoption of Smart Grid technology to maintain and improve reliability.

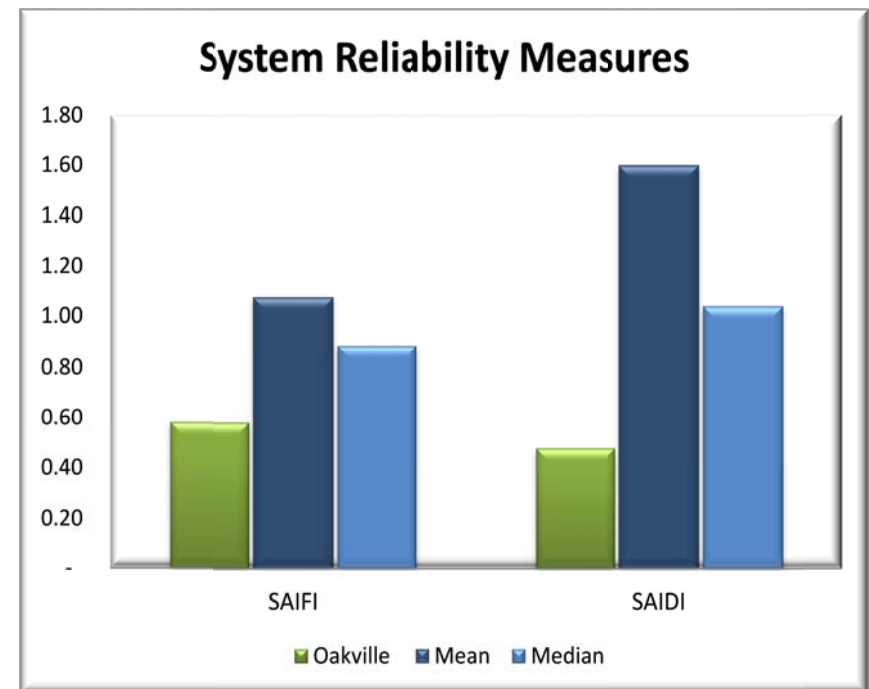
In 2015, Oakville Hydro's customers experienced significantly fewer power interruptions (SAIFI) for a shorter period of time (SAIDI) than the average customer in the province of Ontario. Oakville Hydro achieved an Index of Reliability ("IOR") of 0.99995.

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

Oakville Hydro's reliability statistic for the average number of hours that power to a customer is interrupted illustrates that Oakville Hydro's distribution system is performing reliably. This measure has been relatively consistent for the five-year period 2011 to 2015. In 2015, those customers who experienced a power outage were without power for, on average, 0.48 hours or 29 minutes. In 2015, Oakville Hydro ranked number one out of the nineteen electricity distributors with over 50,000 customers in Ontario in this measure.

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

Oakville Hydro's reliability statistic for the average number of times that power to a customer is interrupted also illustrates that Oakville Hydro's distribution system is performing reliably. In 2015, Oakville Hydro's customers experienced, on average, 0.58 power interruptions. This matches the lowest number of power interruptions achieved in 2014. In 2015, Oakville Hydro ranked number two out of the nineteen electricity distributors with over 50,000 customers in Ontario in this measure.

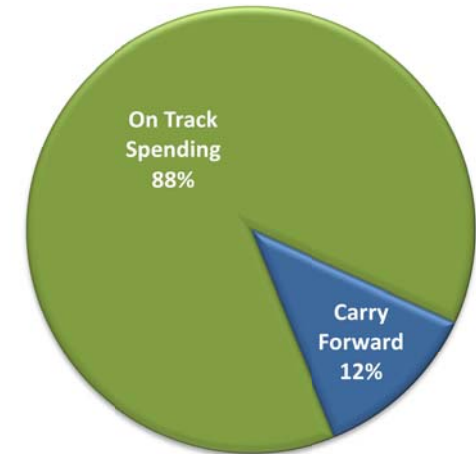


## Asset Management

- **Distribution System Plan Implementation Progress**

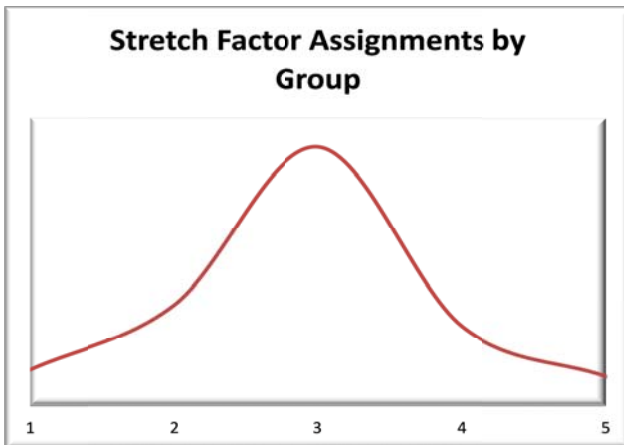
Distribution system plan implementation progress is a performance measure that was introduced by the OEB in 2013. Consistent with other new measures, utilities have been given an opportunity to define it in the manner that best fits their organization.

Oakville Hydro's Distribution System Plan ("DSP") outlines its forecasted expenditures from 2014 to 2018. These expenditures are required to maintain and expand the Oakville Hydro's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess Oakville Hydro's effectiveness at planning and implementing the DSP. Oakville Hydro measures the progress of its DSP implementation as the ratio of cumulative expenditures made over the five-year planning horizon as compared to the planned spending for the same period. In 2015, the second year of the five-year planning horizon, Oakville Hydro incurred 88% of its planned costs. Oakville Hydro is on track to implement its DSP.



## 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. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

In 2015, Oakville Hydro was one of the seven utilities in the province who moved to an improved efficiency / stretch factor ranking based on improved cost performance, moving from group 4 to group 3. Oakville Hydro was able to achieve this performance improvement while delivering on its planned infrastructure investment and asset maintenance program. In Ontario, approximately 50% of LDCs are in ranked in group 3.


## Cost Control – Continued

- Total Cost per Customer**

Total cost per customer is calculated as the sum of Oakville Hydro’s capital and operating costs divided by the total number of metered customers that it serves. Oakville Hydro’s operating, maintenance and administration (OM&A) costs per customer related to electricity distribution of \$258 is lower than the provincial average of \$309 per customer while its capital cost per customer of \$474 is higher than the provincial average of \$353 resulting in a total cost per customer of \$732 which is slightly higher than the provincial average of \$661. The higher capital cost per customer reflects the desire to invest in our infrastructure in order to continue to deliver reliable electricity into the future.

Cost Per Customer	OM&A	Capital	Total
Oakville Hydro	\$ 258	\$ 474	\$ 732
Provincial Average	\$ 309	\$ 353	\$ 661

Oakville Hydro has experienced cost pressures associated with the delivery of reliable services to its customers. Inflationary pressures, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased costs. Despite these pressures, Oakville Hydro was able to restrict its increase in total cost per customer to 1.7% in 2015, as compared to the inflation rate of 2.1%, through the implementation of cost containment and shared services initiatives.


Cost Control	2011	2012	2013	2014	2015	Trend
Total Cost Per Customer	\$ 710	\$ 695	\$ 730	\$ 720	\$ 732	

- Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometres of distribution lines that Oakville Hydro maintains and operates to serve its customers. Oakville Hydro’s operating cost per kilometres of \$9,414 is lower than the provincial average of \$13,404 per kilometre while its capital cost per kilometre of \$17,315 is higher than the provincial average of \$15,542. However, Oakville Hydro’s total cost per kilometre is 8% lower than the provincial average.

Cost Per km of Line	OM&A	Capital	Total
Oakville Hydro	\$ 9,414	\$ 17,315	\$ 26,730
Provincial Average	\$ 13,404	\$ 15,542	\$ 28,945

Oakville Hydro’s cost per km of line decreased from 2011 through 2014 as the Town of Oakville expands. In 2015, Oakville Hydro experienced an increase of 2.3% in cost per km of line, just slightly above the inflation rate of 2.1%.

Cost Control	2011	2012	2013	2014	2015	Trend
Total Cost Per km	\$ 31,053	\$ 29,135	\$ 26,377	\$ 26,116	\$ 26,730	



## Conservation & Demand Management

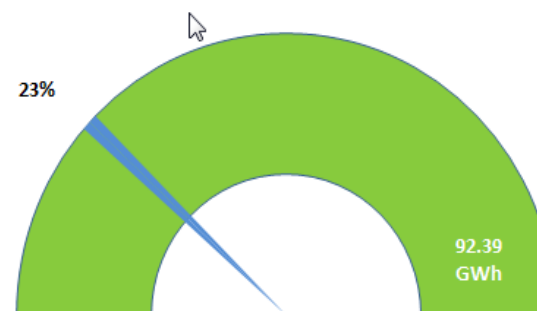
- Net Cumulative Energy Savings**

In 2015, the Province introduced a new six-year conservation framework. This framework, The Conservation First Framework, is designed to reduce electricity consumption in Ontario by seven terawatt-hours (TWh) or seven million gigawatt-hours (GWh) by December 31, 2020. Oakville Hydro has been assigned a target of 92.39 GWh over the six year period.

Oakville Hydro is committed to energy conservation and to ensuring that existing and future CDM programs are a cost-effective resource in addressing the long-term energy requirements for customers, households, and businesses throughout Ontario. In 2015, Oakville Hydro achieved savings of approximately 22 MWh or 23% of its target savings towards its six-year conservation target of 92.39 GWh.

Oakville Hydro's is commitment to working with the IESO, the Ministry of Energy, the OEB and other agencies supporting the energy sector in Ontario to develop and implement the new Conservation First framework for CDM activities over the remaining five years of the program.

### Progress Towards 2015-2020 CDM Targets



## 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 2015, Oakville Hydro completed seven CIAs and each one was completed within the prescribed time limit.

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

In 2015, Oakville Hydro connected three new micro-embedded generation facilities (microFIT projects of less than 10 kW) all of which were connected within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time.

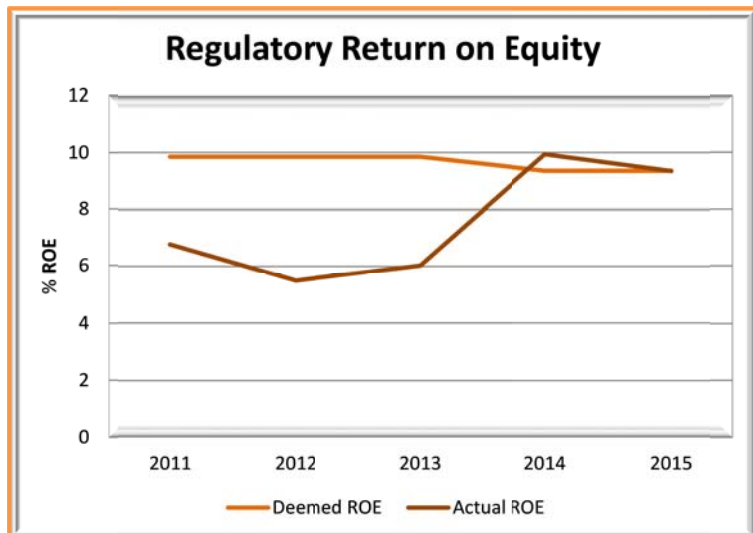
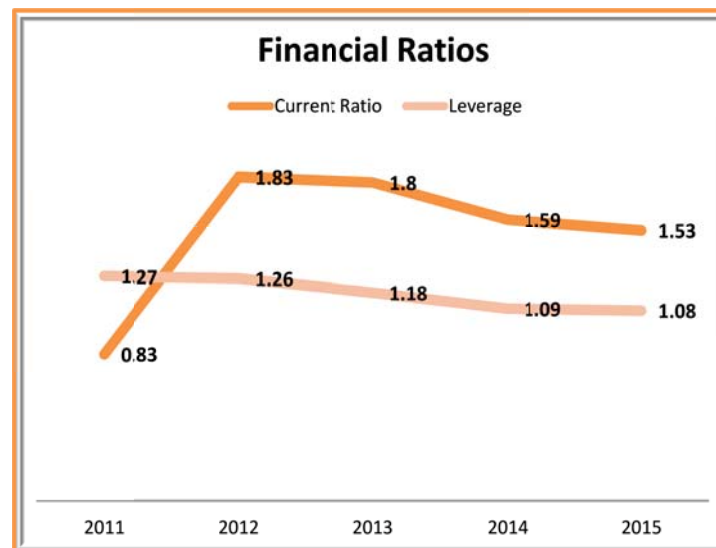
## Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than one indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than one are often referred to as being “liquid”. The higher the number, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations. While, Oakville Hydro’s current ratio decreased from 1.8 in 2013 to 1.53 in 2015, it continues to be indicative of a strong financial position.

- 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. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. Since 2011, Oakville Hydro has maintained a debt to equity structure of less than 1.5 and it continues to be financially stable at 1.09 in 2014. However, Oakville Hydro has a long-term capital lease obligation which, if included, would result in an adjusted Debt to Equity ratio of 1.20.



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

Oakville Hydro’s 2014 distribution rates were approved by the OEB through a cost of service application and include an expected (deemed) regulatory return on equity of 9.36%. The OEB allows distributors to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor’s revenues and costs structure by the OEB.

- Profitability: Regulatory Return on Equity – Achieved**

In 2015, Oakville Hydro achieved a regulatory return on equity of 9.35% which is well within the OEB’s range of +/- 3%. Prior to Oakville Hydro’s 2014 cost of service application, Oakville Hydro earned a regulatory return on equity of less than the deemed regulatory return. This was commonly the case in the electricity industry in Ontario as annual distribution rates are adjusted between cost of service applications by an inflationary factor less an efficiency gain. This increase was not sufficient to provide the same or better level of service that customers expect, as well as enhancing operational and customer service initiatives. Therefore, Oakville Hydro embarked on a

review and evaluation of its costs and looked for ways and opportunities to reduce or contain. As a result, Oakville Hydro has achieved its regulated rate of return again in 2015 and it is well positioned to meet growth and sustain the value of service that its customers demand.

## 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 judgement on the reporting date of the performance scorecard, and could be markedly different in the future.