

Scorecard - Hydro Hawkesbury Inc.

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	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	97.80%	97.40%	100.00%	100.00%	95.20%		90.00%		
		Telephone Calls Answered On Time	99.90%	100.00%	99.90%	99.90%	100.00%		65.00%		
	Customer Satisfaction	First Contact Resolution			94%	94%	94%				
		Billing Accuracy			99.99%	99.99%	99.99%		98.00%		
		Customer Satisfaction Survey Results			92%	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%	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	0.76	1.09	0.13	0.28	1.39			0.67	
		Average Number of Times that Power to a Customer is Interrupted ²	0.69	0.47	0.25	0.13	0.60			0.50	
	Asset Management	Distribution System Plan Implementation Progress			46%	In progress	In progress				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
Total Cost per Customer ³		\$262	\$284	\$260	\$261	\$271					
Total Cost per Km of Line ³		\$22,134	\$23,045	\$21,050	\$21,120	\$21,694					
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%	31.92%			7.92 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)	1.18	0.97	0.95	1.00	0.90				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.31	0.43	0.39	0.35	0.47				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	9.36%	9.36%	9.36%			
			Achieved	7.69%	1.00%	12.48%	19.72%	17.63%			

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.

Legend:

5-year trend up down flat

Current year target met target not met

Hydro Hawkesbury Inc.

2016 Scorecard Management Discussion and Analysis (“2016 Scorecard MD&A”)

Scorecard MD&A - General Overview

In 2016, Hydro Hawkesbury Inc. (“HHI”) either met or exceeded all performance targets. HHI continues to seek new cost control measures leading to improvements in cost per customer which continued in 2016. HHI’s ranking is the most efficient group of the province – this since 2006. Going forward, the utility continued to seek cost saving solution and promoting cost sharing with neighboring utilities.

Service Quality

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

In 2016, HHI connected 20 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.

- **Scheduled Appointments Met On Time**

In 2016, HHI scheduled 42 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. The utility met 95% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2016 HHI customer service received 7084 calls from its customers. Agents answered calls in 30 seconds or less in all except one call. This result significantly exceeds the OEB-mandated 65% target for timely call response.

Customer Satisfaction

- **First Contact Resolution**

HHI tracks its "First Contact Resolution" metric using its customer satisfaction survey. To comply with this requirement, the utility used an average of the following survey questions below.

Customer Service Representative

- 1) During the past 12 months, have you contacted the utility's customer service for any information or assistance?
- 2) Thinking about your most recent contact with Hydro Hawkesbury Inc., did the customer care representative provide you with the
- 3) If not, what information did you need that the customer care representative did not provide?
- 4) Overall, how would you rate the customer care representative's performance in handling your request for information?

The utility reported results of 94%.

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For 2016 HHI issued more than 66,894 bills and achieved a billing accuracy of 99.99% with only one bill which was erroneous. This compares favourably 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 conducted a customer satisfaction survey in December of 2016. 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 utility used Survey Monkey to publish its survey and posted it on its website. A bill insert communicating the survey and prize was included in all bills. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. The margin of error is a measure of the precision of a sample estimate of the population value. It uses probability to demonstrate the precision of a sample estimate by providing a range of values in which a sample value would be expected to fall. In general, the margin of error provides a 95% confidence interval. The utility received 108 responses. Therefore, the survey is representative of the public opinion.

The survey was conducted in December of 2016 with little response from the customer. The utility re-ran the survey again in April of 2017 in advance of its Cost of Service and yielded a customer satisfaction ranking of 92%.

The utility intends on continuing surveying its customers 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 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

CHEI did not have any serious electrical incident to report in 2016.

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 2016. A defective fuse mainly caused the result of the increase at our substation, which caused 3519 customer hours. A significant decrease in tree contact as 2015 registered a major incident (-3322 customer hours) and an increase in adverse weather by 1636 customer hours. HHI in 2016 experience more uncontrolled weather situation and more storms than 2015. The number of interruptions increased from 6131 in 2015 to 7711 in 2016.

HHI's system reliability is very stable and tends to only vary with the 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 2016. The result of the increase was that 2016 had more inclement weather and more storms than 2015. The results reported show that the interruptions increase from 0.13 in 2015 to 0.60 in 2016.

Asset Management

- **Distribution System Plan Implementation Progress**

HHI filed a Distribution System Plan ("DSP") in 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 2015. The utility has been ranked No one since 2006. HHI's costs have remained at the same level as 2015.

- **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 who HHI serves. The cost performance result for 2016 is \$271 /customer who represents a \$10 or a 4% increase over 2015. Costs associated with Operations and Maintenance have increased over 2015. However, HHI experienced a low level of growth to absorb these costs.

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 2016 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 2016 rate per km of the line is \$21,694 represents an increase of \$594 or 3% over 2015. HHI experienced a low level of growth in its total kilometers of lines because HHI does not see 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 Annual Peak Demand Savings (Percent of target achieved) & Net Cumulative Energy Savings (Percent of target achieved)**

The Conservation and Demand Management Requirement Guidelines for Electricity Distributors (EB-2014-0278, the “2015 CDM Guidelines”), issued by the OEB on December 19, 2014, apply to CDM programs beginning January 1, 2015. These guidelines require distributors to continue to rely on the LRAMVA to track and dispose of lost revenues that result from approved CDM programs between 2015 and 2020. The IESO provides funding for HHI's CDM programs. HHI's funding portfolio for 2015 to 2020 is \$525,743 for the 2015-2020 period. As of April 15, 2017, Hydro Hawkesbury has achieved 1031 MWh of savings, which is 72% of the 2016 target. The utility's overall progress towards its total target for 2015 to 2020 is 31.92% as indicated in the scorecard.

HHI has partnered with GreenSaver's Program Delivery Team to manage the utility's conservation programs and performances.

The GreenSaver team along with the input of Hydro Hawkesbury continually provided front-end uptake services to prospective Retrofit participants.

In 2016 GreenSaver continued to focus on the commercial and institutional sector which represents Hydro Hawkesbury's largest potential for conservation and savings. As expected, the Retrofit Program continued to generate the most significant proportion of energy savings.

In late 2016, GreenSaver has launched an extensive Commercial Outreach campaign. The Outreach Campaign employed a three-prong approach; targeting the Top 10 Commercial Customers to develop or strengthen an ongoing CDM relationship; researching business profiles and preparing industry-specific letters and outreach plans for the overall customers, and doing a two-phase telephone outreach campaign, first to the over 25KW users, then the remaining, smaller customers.

In 2016 GreenSaver prepared Version 2 of the Joint CFF 2015-2020 CDM Plan. The CDM Plan revision allowed Hydro Hawkesbury to redistribute targets based on 2015 results, to create a more realistic forecast for the CFF Framework. PSUI and HPNC were added as available programs in order to allow Hydro Hawkesbury customers to access these programs if requested.

Additionally, GreenSaver made efforts to promote the Home Assistance Program, designing and printing a HAP Bucksip which was distributed to Hydro Hawkesbury customers in October. To date, the Bucksip has resulted in several applications generated for individual customers; the most interest Hydro Hawkesbury has seen for HAP this year.

Connection of Renewable Generation

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

HHI does not have any Fit projects in 2016 and as such did not need Connection Impact Assessments

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

HHI did not connect MicroFit projects in 2016.

Financial Ratios

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

HHI's current liquidity rating of 0.90 which decreased slightly from 1.00 in 2015 which is close to 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 0.47 (60/40).

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

HHI's current distribution rates were rebased and approved by the OEB in 2014 and included 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 17.63%. This is not particularly indicative of an overearning performance but rather the result of delays in capital investments caused by factors outside of the utility's control. The utility has filed a cost of service in July of 2017 to rebalance its rates effective January 1, 2018, at which point, the utility's rate of return will be in line with the approved rate of return. HHI has also put in place financial tools and spreadsheets which is insured that its capital and operational spending are in line with its revenues.

Note to Readers of 2016 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.