

Scorecard - Milton Hydro Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	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	98.60%	98.00%	99.50%	96.50%	99.60%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	99.70%	99.80%	100.00%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	82.60%	74.50%	77.80%	96.30%	96.70%	↑	65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution			84%	97.4%	89.5				
		Billing Accuracy			99.96%	99.98%	99.99%	↑	98.00%		
		Customer Satisfaction Survey Results			91%	A	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				82.00%	82.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	NI	C	C	C	C	↔		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	1	0	0	0	↔		0
	Rate per 10, 100, 1000 km of line		0.000	0.102	0.000	0.000	0.000	↔		0.014	
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.81	1.48	1.22	0.31	0.74	↓		1.02	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.05	0.63	1.06	0.23	0.59	↓		0.85	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress			on track	on track	on track				
	<b>Cost Control</b>	Efficiency Assessment	3	2	2	3	3				
		Total Cost per Customer <sup>3</sup>	\$644	\$654	\$679	\$739	\$723				
		Total Cost per Km of Line <sup>3</sup>	\$21,166	\$22,402	\$23,629	\$25,946	\$25,334				
<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>				21.80%	37.18%			45.36 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%	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)	1.59	1.68	1.59	2.21	2.01				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.90	0.92	1.17	1.34	1.33				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.58%	9.58%	9.58%	9.58%	9.19%			
			Achieved	8.15%	10.60%	10.29%	7.68%	9.87%			

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

## **Appendix A – 2016 Scorecard Management Discussion and Analysis (“2016 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 2016 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

### **Scorecard MD&A - General Overview**

In 2016, Milton Hydro exceeded all its industry performance targets. Milton Hydro’s System Reliability continues to be better than its five-year average. Most causes are not within the control of Milton Hydro such as lightning, animal contact, adverse weather, loss of supply and vehicle accidents. There are some causes of power interruptions under the control of Milton Hydro such as planned outages for construction or maintenance purposes and tree contract other than weather related causes. Milton Hydro recognizes that reliability is important to its customers and continuously plans maintenance such as tree trimming and asset management to reduce the vulnerability of the distribution system to outages.

Milton Hydro’s vision, Reliably Powering Our Community, supports the Scorecard requirements for service quality, customer satisfaction, public policy and financial stability. Reliably Powering Our Community focuses not only on the reliable supply of power or electricity but also to empower our community to participate in conservation and renewable generation. Milton Hydro is committed to be available to answer questions and to provide information to assist our customers as needed. Milton Hydro values include Safety, Innovation and Integrity.

#### **Customer Satisfaction**

In 2014 Milton Hydro engaged UtilityPULSE to perform Milton Hydro’s first Customer Satisfaction Survey to obtain actionable and measurable feedback from Milton Hydro customers. UtilityPULSE performed Milton Hydro’s second Customer Satisfaction Survey in the first quarter of 2017 due to the delay in the pending OEB Decision on a 2016 generic customer satisfaction survey to be used by all distributors. The survey results are the same as the 2014 Survey with Milton Hydro achieving a “A” rating from its customers. The 2016 survey results are reflected in this 2016 Scorecard and the table below.

<b>Milton Hydro's UtilityPULSE Report Card®</b>			
<b>Category</b>		<b>Milton Hydro</b>	<b>Ontario</b>
<b>1</b>	<b>Customer Care</b>	<b>B+</b>	<b>C+</b>
	Price and Value	B	C
	Customer Service	A	B
<b>2</b>	<b>Company Image</b>	<b>A</b>	<b>B</b>
	Company Leadership	A	B
	Corporate Stewardship	A	B
<b>3</b>	<b>Management Operations</b>	<b>A</b>	<b>A</b>
	Operational Effectiveness	A	B+
	Power Quality and Reliability	A	A
<b>OVERALL</b>		<b>A</b>	<b>B</b>

### **Public Safety Awareness**

In 2016, Milton Hydro engaged UtilityPULSE to conduct its first public safety awareness survey targeting the residents in the Town of Milton. This customer survey supports Milton Hydro's Safety value and was undertaken to assess the public's level of knowledge and awareness of key electrical safety precautions. The survey included six core measurement questions:

- Likelihood to "call before you dig" – Score 71.4 % said "definitely or very likely" (it is the Law to call);
- Impact of touching a power line – Score 94.7% said "very dangerous" (this should have been an easy 100%);
- Proximity to overhead power lines – Score 78.7% said "3 meters to more than 6 meters" (the minimum is 3 meters);
- Danger of tampering with electrical equipment – Score 86.2% said "very dangerous" (this should have been an easy 100%);
- Proximity to downed power lines – Score 91.7% said "5 meters to 10 meters or more" (10 meters or the length of a school bus);
- Actions taken in a vehicle in contact with wires – Score 85.0% said "stay in vehicle until told safe" (correct response).

This was the first time that Milton Hydro conducted the public safety awareness survey and the residents in the Town of Milton scored an overall 82%, congratulations to everyone that participated. Milton Hydro intends to conduct its second public safety awareness survey in 2018. As well, Milton Hydro is participating with several other LDCs in producing 6 safety videos which will be posted on Milton Hydro's website by the end of 2017.

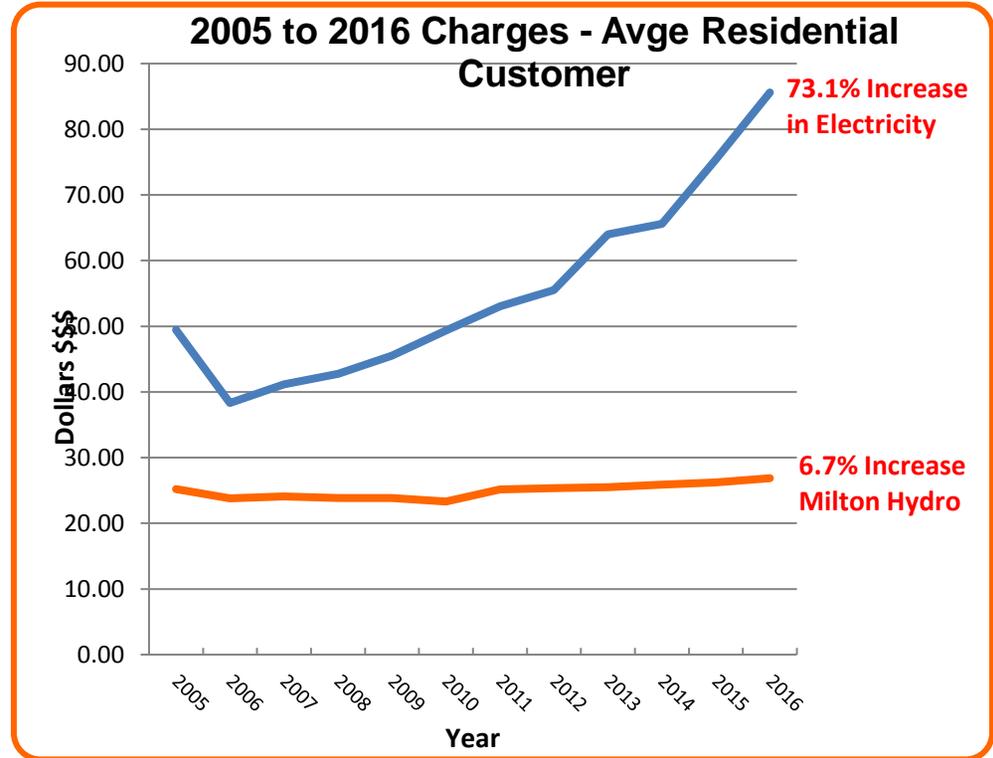
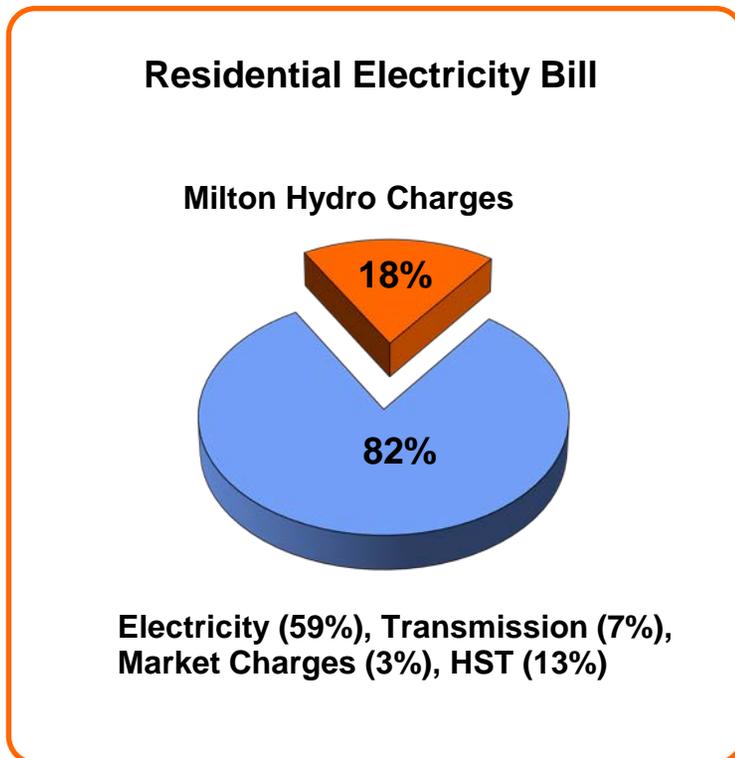
**Customer Billings**

Milton Hydro's Distribution Charges, which are required to provide the delivery of safe, reliable electricity to homes and businesses within the Town of Milton make up approximately 18% of a Residential customer's bill and even less on a General Service customer's bill. The remaining 82% or more is passed through to Provincial agencies at rates set by the Ontario Energy Board.

The following two graphs reflect Milton Hydro's 2016 Residential Distribution Charges in relation to: 1) all charges on an average Residential customer's bill; and 2) the increase in the Cost of Electricity compared to the increase in Milton Hydro's Distribution Charges since 2005. The cost of Electricity alone accounts for 60% of an average Residential customer's bill.

**Milton Hydro Charges on Total Bill**

**Change in Milton Hydro Distribution Charges & Cost of Electricity**



## Service Quality

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

In 2016, Milton Hydro connected 99.6% of 907 residential and small business customers (those utilizing connections under 750 volts) to its system within the five day timeline prescribed by the Ontario Energy Board (“OEB”) which is connection within five days 90% of the time. This improvement over 2015 is due to staffing levels returning to normal.

- **Scheduled Appointments Met On Time**

Milton Hydro received requests for 498 appointments in 2016 with its customers to complete work requested, meter reads, reconnects and various other requests. Milton Hydro continues to meet 100% of these appointments on time exceeding the industry target of 90%

- **Telephone Calls Answered On Time**

In 2016, Milton Hydro received 28,931 incoming calls from its customers which is over 116 calls per working day. Our Customer Service Representatives (“CSR’s”) answered 96.7% of the calls within 30 seconds or less. This result is met through the hiring of co-op and summer students This result exceeds the 65% target set out by the OEB. This is consistent with Milton Hydro’s 2015 results.

## Customer Satisfaction

The OEB instructed all electricity distributors to review and develop measurements in Customer Satisfaction and to begin reporting in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. Therefore, each electricity distributor may have different measurements of performance until the OEB provides specific direction regarding a commonly defined measure. Milton Hydro began its Customer Engagement with a customer satisfaction survey in 2014 and a second such survey in the first quarter of 2017, which results are included in this 2016 Scorecard.

- **First Contact Resolution**

This measure can be defined in a variety of ways and further regulatory guidance is necessary to achieve meaningful comparable information across electricity distributors.

Milton Hydro tracks customer calls through its Customer Information System and if the call needs to be escalated or a second call made then a separate tracking code is used. Milton Hydro received 209 customer calls with complaints of which 22 were escalated to a supervisor. Milton Hydro responded to 89.5% of customer issues on the first call. This result is less than that measured in 2015. Milton Hydro applied for the hiring of a CSR in its 2016 Cost of Service Rate Application but did not receive OEB approval for additional staff. Milton Hydro will continue to monitor this stat going forward to determine if an additional CSR can be supported through existing rates without impacting costs per customer.

- **Billing Accuracy**

In 2016 Milton Hydro issued 450,091 bills to customers of which 32 required corrections thereby achieving an accuracy rate of 99.99% exceeding the industry target of 98%. Milton Hydro runs consumption and dollar exception reports to catch accounts that may require reviewing before sending them out which ensures the accuracy of the billing. These checks for billing accuracy continue to ensure that Milton Hydro's bills are near 100% accurate.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (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. The OEB is allowing electricity distributor's discretion as to how they implement this measure.

Milton Hydro engaged UtilityPULSE to perform Milton Hydro's second Customer Satisfaction Survey to obtain actionable and measurable feedback from Milton Hydro customers. This Customer Satisfaction Survey was undertaken in the first quarter of 2017 due to the delay in the pending OEB Decision on a 2016 generic customer satisfaction survey to be used by all distributors.

The customer satisfaction survey is part of Milton Hydro's commitment to proactive communication and customer satisfaction. The UtilityPULSE survey reviewed responses from households and small businesses that pay or look after the electricity bills from Milton Hydro. Milton Hydro achieved an "A" rating in customer satisfaction consistent with its 2015 survey results.

This information is incorporated into Milton Hydro's planning process and forms the basis of plans to improve customer communication and satisfaction to meet the needs of customers.

## Safety

- **Public Safety**

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

Milton Hydro engaged UtilityPULSE in the spring of 2016 to perform a Public Awareness of Electrical Safety Survey to obtain actionable and measurable feedback from residents in the Town of Milton. 2016 was the first year that the data for this component of measure is available and is shown on the scorecard for the 2016 results. Milton Hydro discussed the survey questions above including the customer outcomes and the correct outcomes required to score 100%.

The Public Awareness Safety Survey results may be found on Milton Hydro's web page. Respondents from the Town of Milton scored an 82% for public safety awareness.

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

For 2016 Milton Hydro was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by Milton Hydro's strong commitment to safety and adherence to company procedures & policies. Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

In 2016 no serious electrical incidents were reported. This resulted in a Serious Incident Index of 0.000 and reflects the efforts of multiple organizations across various sectors to educate both workers and the public on the dangers associated with electricity. Milton Hydro supports the ongoing efforts to educate, inform and raise the general public's and workers' electrical safety awareness.

## System Reliability

System Reliability is measured over a five-year rolling average and overall Milton Hydro's System Reliability continues to improve compared to the average. As discussed above, there are many causes of power outages and Milton Hydro plans its construction and maintenance in an attempt to reduce the impact outages may have on the reliability of its distribution system.

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

Milton Hydro experienced an average of 0.74 hours (45 minutes) that power to a customer was interrupted during 2016. Milton Hydro's 2016 average is better its five-year average (2011 – 2015) of 1.02 hours of interruption.

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

Milton Hydro's average number of times that power to a Customer is interrupted (i.e. Frequency) is 0.59 times which is better than its five-year average (2011 – 2015) of 0.85 times that power was interrupted.

## Asset Management

● **Distribution System Plan Implementation Progress**

Milton Hydro filed an Application with the OEB for a full review of its rates for 2016. As part of this Application, Milton Hydro filed its Distribution System Plan ("DSP") which provides for a five year plan for new distribution plant and renewal of aging distribution system to ensure the safe and reliable delivery of electricity and balance ratepayer and utility affordability.

Milton Hydro measures its progress of its DSP implementation over the five year period and update the plan as required to ensure a safe, reliable supply of power.

## Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC (“PEG”) 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. Consistent with 2015, in 2016, Milton Hydro continued to be ranked in Group 3, where a Group 3 distributor is defined as “average” when compared to other distributors in the Province of Ontario. In 2016, 32 distributors or 47% were ranked as Group 3 “average efficiency”.

Milton Hydro’s forward looking goal is to advance to the “more efficient” Group 2 ranking over the next few years.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Milton Hydro’s capital and operating costs and dividing this cost figure by the total number of customers that Milton Hydro serves. The cost performance result for 2016 is \$723 per customer which is an 2.2% improvement from the prior year.

Milton Hydro’s forward looking goal is to continue to control cost thereby reducing the cost per customer.

- **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 kilometers of line that Milton Hydro operates to serve its customers. Milton Hydro's 2016 cost per Km of line is \$25,334, which is 2.4% lower than 2015.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

Milton Hydro’s 2015 to 2020 Conservation and Demand Management six year target is 45,363.8 MWhs (45.36 GWhs) as provided in the Distributor Target column. Milton Hydro has achieved 37.18% of its six year target over two years which puts Milton Hydro on target to exceed its CDM requirements.

Milton Hydro’s 2016 conservation savings of 6,501 MWhs (6.501 GWhs) is 14.33% of Milton Hydro’s six year target. Combined with Milton Hydro’s 2015 CDM savings Milton Hydro anticipates exceeding its six year target.

## Connection of Renewable Generation

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

Renewable generation includes generation from solar, wind, water and biomass of less than 10 MWs. Milton Hydro had 1 requests for renewable generation connection impact assessments (“CIAs”) in 2016 and completed each CIA on time 100% of the time.

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

Micro-embedded generation is typically roof top solar systems not exceeding 10 kW in size. Milton Hydro has connected 27 new Micro-embedded Generation Facilities in 2016, on time 100% 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 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 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.

Milton Hydro’s current ratio declined slightly from 2.21 in 2015 to 2.01 in 2016. This is a result of annual fluctuations in current assets and liabilities. The decline is not considered significant to Milton Hydro.

- **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. The 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. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

Milton Hydro’s 2016 debt to equity ratio of 1.33 is essentially unchanged from 2015 debt to equity ratio of 1.34. Milton Hydro does not anticipate exceeding the 60/40 debt/equity ratio but it is expected that the total debt will remain near the 60% level. The ratio is a factor in the budget approval process.

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

Milton Hydro’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.19%. The OEB allows a distributor 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**

Milton Hydro's return achieved in 2016 was 9.87%, which is 0.074% above its allowed return but within the +/-3% range (12.19 to 6.19%) allowed by the OEB. Milton Hydro's 2016 return was higher than the deemed rate due to lower operating costs impacted by the OEB Decision on Milton Hydro's 2016 Cost of Service Application and the decision to delay increasing staff levels. Milton Hydro must manage its business under these staffing restraints and be cognizant that its operations and customer service expectations do not decline.

### 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 several 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 government legislative or regulatory developments, Ontario Energy Board approval or not approval of various applications, financial market conditions, general economic conditions, customer growth 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.