

Scorecard - Halton Hills Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2013	2014	2015	2016	2017	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%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	83.20%	89.70%	93.10%	94.40%	95.85%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution			100%	99.99%	99.98%	99.99%			
		Billing Accuracy			99.95%	99.96%	99.84%	99.77%	⬇	98.00%	
		Customer Satisfaction Survey Results	93%	90%	90%	88%	88%				
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%	83.00%	85.00%				
		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	0.79	0.63	2.58	1.38	1.65	⬆		1.32	
		Average Number of Times that Power to a Customer is Interrupted ²	0.90	1.33	3.02	1.65	1.13	➡		1.61	
	Asset Management	Distribution System Plan Implementation Progress	On-track	On-track	On-track	Over budget	Over-budget				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
Total Cost per Customer ³		\$642	\$701	\$744	\$770	\$763					
Total Cost per Km of Line ³		\$9,034	\$9,886	\$10,490	\$10,557	\$10,295					
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			17.78%	33.84%	63.29%			30.94 GWh	
	Connection of Renewable Generation	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%	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)	1.06	1.09	0.95	0.91	1.08				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.04	1.04	1.07	1.13	1.31				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	8.82%	8.82%	9.19%	9.19%			
			Achieved	14.97%	12.91%	6.70%	6.76%	6.98%			

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 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

2017 Scorecard Management Discussion and Analysis (“2017 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 2017 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Halton Hills Hydro Inc. (“HHHI”) is a progressive electric distribution utility which owns and operates the electricity distribution system within its licensed service area (279 square kilometres extending mainly to the municipal boundaries of the Town of Halton Hills, of which 253 square kilometres or 91% is a rural distribution system).

HHHI’s Mission Statement, “*provide Halton Hills with Electricity Distribution Excellence in a safe and reliable manner*”, is supported by eight strategic objectives:

- Safety
- Reliability
- Competitive Rates
- Financial Metrics
- Conservation
- Environment
- Community Focus
- Smart Grid Implementation

HHHI management undertakes an annual review of its business strategy and objectives. The purpose of this review is to ensure a direct alignment between the OEB’s Renewed Regulatory Framework for Electricity Distributors (RRFE) and HHHI’s strategic objectives.

HHHI places a strong focus on providing customers with distribution excellence. HHHI has continuously exceeded the OEB’s minimum standards. In most areas measured, HHHI has met or exceeded its controllable internal and OEB targets in 2017.

Service Quality

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

In 2017, HHHI connected 100% of 541 (2016 – 589, 2015 - 497) eligible low-voltage 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). 2017 is the eighth (8th) straight year that HHHI has maintained a 100% and is consistently above the OEB-mandated threshold of 90%. HHHI maintains its dedication to distribution system excellence through efficient crew scheduling, thereby allowing HHHI to connect customers within the 5 day window and in fact, usually within 1 day of all requirements being completed.

- **Scheduled Appointments Met On Time**

HHHI scheduled 5,803 appointments with its customers in 2017 (2016 – 5668, 2015 – 6,001) to complete work requested by customers including disconnections for upgrades, customer service meetings, reconnections, trench inspections and locates. Consistent with the prior 6 years, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%. HHHI continues to maintain its commitment to customer service by maintaining its scheduled appointments.

- **Telephone Calls Answered On Time**

In 2017, HHHI Customer Care agents received 20,379 (2016 – 25,007, 2015 – 22,761) calls from its customers. The year 2017 saw fewer calls than any of the previous five (5) years. An agent answered a call in 30 seconds or less 95.9% of the time. A comparison of the past five (5) years shows HHHI performance has steadily increased from the 2013 measure. These results significantly exceed the OEB-mandated 65% target for timely call response.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors. The process that HHHI used for first contact resolution resulted in 1 unresolved first contact. Given the number of contacts (20,379) in 2017, the first contact resolution percentage is 99.99% (2016 – 99.98%, 2015 – 99.99%).

HHHI defines First Contact Resolution as a measure of customer calls satisfied without escalation. Starting in 2015, all escalated calls from Customer Care were directed to the Customer Care Supervisor (CCS). The CCS determines whether the escalation is due to no resolution or if the customer is not willing to accept the resolution (i.e. customer has a high bill, confirms consumption but still wants to discuss with the CCS). If the CCS determines that the call was not resolved, then a specific call type is entered into HHHI's Customer Information System and summarized for reporting.

- **Billing Accuracy**

In 2017, HHHI issued 271,641 bills (2016 – 245,642, 2015 – 146,245) and achieved a billing accuracy of 99.77% (2016 – 99.84%, 2015 – 99.96%). This

compares favourably to the prescribed OEB target of 98%.

In 2016, HHHI transitioned to monthly billing for all customers, thus increasing the number of issued bills by 68%. HHHI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **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. At this time the OEB is allowing electricity distributor's discretion as to how they implement this measure.

Customer satisfaction is an important measure of customer loyalty and trust. In an environment where the electricity sector receives a high amount of attention in the media, maintaining customer satisfaction is a priority for HHHI. HHHI engages our customers throughout the year at community events, online through social media and through bill inserts and website messaging. HHHI strives to maintain customer satisfaction through ongoing efforts to communicate relevant and timely customer information.

In 2012, 2014 and 2016 HHHI engaged a third party to conduct customer satisfaction surveys. These customer satisfaction surveys provide information that supports discussions surrounding improving customer service at all levels and departments within HHHI. The survey asks customers questions on a wide range of topics, including: overall satisfaction with HHHI, reliability, customer service, outages, billing and corporate image. In addition, HHHI provides input to this third party to enable them to develop questions that will aid in gathering data about customer expectations and needs. This data is then incorporated into HHHI's planning process and forms the basis of plans to improve customer satisfaction and meet the needs of customers. The final report on these customer satisfaction surveys evaluates the level of customer satisfaction and identifies areas of improvement. It also helps identify the most effective means of communication. HHHI's 2014 Customer Satisfaction Results contain a number of measures of customer satisfaction. In its 2014 Scorecard HHHI reported the number of customers that were "very or fairly" satisfied was 90.0%.

The overall results of the 2016 Customer Service Survey reported 88% of customers were "very or fairly" satisfied and is above the National average of 84% and *well above* the Ontario Provincial average of 74%.

HHHI will be conducting the next Customer Satisfaction Survey in the Fall of 2018.

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

Safety for HHHI employees and the community is HHHI's number one priority, always. HHHI actively promotes the ESA's safety messaging through our website and social media, including annual participation in Powerline Safety Week. As well, HHHI has an ongoing education program in local public schools to educate children on the importance of electrical safety and energy conservation.

Our Contractor Compliance program ensures that subcontractors adhere to the same levels of safety as HHHI. HHHI's Empower safety program ensures ongoing staff understanding and compliance with safety policies, training and procedures.

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

The Public Awareness of Electrical Safety measure is determined by public survey. The purpose of the survey is to monitor the effort and impact LDCs are having on improving public electrical safety for the Distribution Network. This public safety survey is intended to be conducted every two years. This survey differs from HHHI's customer satisfaction survey in that it targets the general public regardless of whether they were an LDC customer. The questions on the survey are standardized across the province.

HHHI's Public Awareness of Electrical Safety survey result was 85% and was conducted in early 2018.

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

The past seven (7) annual Ontario Regulation 22/04 Audits have concluded that HHHI is compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our 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**

HHHI has had zero Serious Electrical Incidents and works diligently with staff and the public to maintain the highest degree of safety and education.

System Reliability

The OEB had undertaken to standardize the System Reliability reporting related to the removal of Major Event incidents. As a result of the OEB's undertaking, five (5) year historical system reliability was restated using the new standardized methodology as part of the 2016 reliability submissions. Historically, HHHI removed any event HHHI defined as a Major Event and therefore, was not included in the original numbers reported. The new methodology uses a calculated daily threshold based on a five (5) year historical average. As required, HHHI and all other LDCs restated their System Reliability measures to provide for a consistent definition and calculation of Major Events. This consistent information will allow for more accurate

benchmarking across the province.

HHHI had no Major Events in 2017.

HHHI is an embedded distributor to Hydro One and as such, will experience loss of supply. Loss of Supply is not a variable that HHHI can alter in an effort to improve reliability.

For the purposes of the Scorecard reporting, Major Events and Loss of Supply are excluded from the reported numbers.

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

In 2017, the longest outages were, by far, related to foreign interference. Foreign interference accounted for 42.3% of all outages. There were two (2) types of foreign interference in 2017 – animal contact and vehicle accidents. Animal contacts only accounted for 4,344 minutes outages total. There were nine (9) different vehicle accidents in 2017 that caused outages totalling 953,455 minutes in outages. To put the number into perspective, 953,455 minutes is equal to 15,891 hours which is equal to 662 days which is equal to 1.81 years. To put it another way, vehicle accidents resulted in the equivalent of 2 customers having no power for 91% of the year. Unfortunately, in the case of vehicle accidents that cause outages, the outages are usually lengthier than other outages as poles and infrastructure need to be replaced. While some switching between feeders is possible, in some cases, repairs must be made before customers are energized again. While HHHI has worked to harden the distribution system, vehicle accidents will continue to be outside the control of HHHI.

Outages related to lightning strikes and defective equipment were the second most common cause of outages. These two outage types together, however, account for less than the total outages caused by vehicular accidents. .

As the 2013-2015 years of SAIDI have been restated, HHHI would like to further explain the reason for the “bump” in the number reported for 2015. In 2015, HHHI had multiple pole fires over the course of two (2) days due to salt spray. HHHI had removed these from the reporting as a Major Event due to the number of customers affected and the duration of the outage (over 10% of customers). As each of these pole fires were considered separate incidents and were over a couple of days, the new methodology, using a calculated daily threshold, indicated these pole fires did not qualify as a Major Event and therefore should be included in the reporting. Had the salt spray incidents been deemed a Major Event, the SAIDI reported would have decreased from 2.58 to 1.67.

In an effort to decrease the duration of outages, HHHI continues to work towards a more automated and integrated distribution system. Substation reclosers, SCADA remote operated switches, SCADA wireless faulted circuit indicators and automated switches enable the Control Room to locate faulted portions of the system quicker, dispatch crews more efficiently and effectively and remotely sectionalize faulted sections allowing crews to focus their time on repairing the fault, instead of manually sectionalizing before beginning repairs.

In addition to the automation, HHHI continues to optimize its Control Room partnership with Oakville Hydro Distribution Inc. by increasing the availability of distribution system maps. Additionally, HHHI has provided each line truck with a tablet that will enable operational crews to access the up to date mapping and to ensure information provided to the Control Room and crews is consistent.

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

In 2017, HHHI's greatest frequency of outages was a result of loss of supply and foreign interference.

HHHI is an embedded distributor to Hydro One and as such, will experience loss of supply. Loss of supply was the cause of the highest frequency of outages per customer, however, as loss of supply is not a variable that HHHI can alter in an effort to improve reliability, this cause is removed from the actual number reported.

The second highest reason attributed to the frequency of outages per customer is related to foreign interference. As described above in the explanation for "Average Number of Hours that Power to a Customer is Interrupted", foreign interference, vehicle accidents in particular, resulted in a high number of customers being affected with outages. In total for the year, 8,172 customers (the equivalent of 48%) of HHHI customers had an outage as a result of foreign interference. The number of outages per customer has decreased over the last three (3) years

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Asset Management

- **Distribution System Plan Implementation Progress**

HHHI's estimated total capital expenditures for 2016 and 2017 as presented in HHHI's 2016 Cost of Service DSP total \$15,116,925. HHHI's capital additions for 2016 and 2017 totalled \$16,712,956. HHHI is currently above budget in the amount of \$1,596,031.

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 2017, for the sixth year in a row, HHHI was placed in Group 1 where a Group 1 distributor is defined as having

actual costs (opposite of excess but not shortage) of predicted costs. Group 1 is considered the “Most Efficient”. Prior to 2012, the OEB benchmarked LDCs by comparing similar distributors and using OM&A unit cost per customer.

Since the benchmarking has changed to a solely econometric approach, HHHI has consistently placed in the top 6 in the province. The updated methodology includes weighting factors for costs associated with overhead versus underground infrastructure in addition to the inclusion of both capital and OM&A costs

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of HHHI’s capital and operating costs and dividing this cost figure by the total number of customers that HHHI serves. The cost performance result for 2017 is \$763 /customer (2016 - \$770, 2015 - \$744), a reduction from 2016.

HHHI’s Total Cost per Customer has increased on average by 3% per annum over the period 2011 through 2016. Similar to most distributors in the province, HHHI has experienced increases in its total costs required to deliver quality and reliable services to customers. Province wide programs such as Time of Use pricing, growth in wage and benefits costs for employees, as well as investments in aggressive line clearing programs, new information systems technology, cyber-security and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs. HHHI 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 HHHI’s 2016 rate application. Customer engagement initiatives will continue in order to ensure customers have an opportunity to share their viewpoint on HHHI’s capital spending plans.

HHHI has actively engaged staff through the Creative and Critical Thinking initiative to find additional cost efficiencies throughout the LDC. A new program that HHHI began in 2017 focussed on “**Relentless Incrementalism**”. Relentless incrementalism – small steps that make a difference and help pave the way for more significant change – involves all staff members examining processes and procedures and implementing changes that would create cost savings, efficiencies or benefit customers. These changes, named innovation drivers, were the first step down the path of relentless incrementalism.

- **Total Cost per Km of Line**

Total cost per km of Line is calculated as the sum of HHHI’s capital and operating costs and dividing this cost figure by the total kilometer of line. The 2017 total km of lines in HHHI’s distribution system increased by 32 kms to 1,645 km over 2016 (2016 - 1,613 km; 2015 – 1,556). The cost performance result for 2017 is \$10,295/km of line (2016 - \$10,557, 2015 - \$10,490) which is a decrease over 2016.

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HHHI expects that the total cost per km of Line will increase in the coming year due to an increase in staff numbers for succession planning, increased capital expense and cyber-security.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

The Independent Electricity System Operator (IESO) introduced the Conservation First Framework for 2015. The Conservation First Framework is designed to reduce electricity consumption by seven (7) terawatt-hours (TWh) or seven (7) billion kilowatt-hours (kWh) by December 31, 2020. Of this target, HHHI is expected to reduce electricity consumption by 30.94 GWhs.

HHHI, Milton Hydro Distribution and Burlington Hydro submitted a collaborative Conservation and Demand Management (CDM) Plan amendment to the IESO on April 13, 2018. This plan was conditionally approved by the IESO on June 29, 2018. The targets and updated achieved savings as set out in the collaborative Conservation Plan for each year are as follows:

Year	Target (MWhs)	Achieved	Percent of Total
2015	3,137.7	5,809.3	18.78%
2016	3,626.5	6,260.8	39.00%
2017	2,699.1	7,513.0	63.29%
2018	7,563.4		
2019	7,019.7		
2020	7,494.7		

HHHI has been working towards the above goals and has achieved 63.29% (as reported by the OEB) of the overall target, exceeding the Mid-Term threshold of 50.0% in 2017.

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 2017, HHHI did not have any CIAs. Between 2010 and 2016 HHHI completed a total of eighteen (18) CIAs with 100% completed on time. It is expected that with the end of the Feed-in-Tariff program, CIA requests will be minimal in the future.

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

In 2017, HHHI connected forty-six (46) new micro-embedded generation facilities (microFIT projects of less than 10 kW) 100% of time within the prescribed time frame of five (5) business days. The minimum acceptable performance level for this measure is 90% of the time. HHHI's workflow to connect these projects is very streamlined and transparent for customers. HHHI works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time. It is expected that with the end of the Feed-in-Tariff program, micro-embedded generation connection requests will be minimal in the future.

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.

HHHI's current ratio is 1.08 in 2017 as compared to the 2016 value of 0.91.

- **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. 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.

HHHI continues to maintain a lower debt to equity structure from the deemed 60% to 40% capital mix as set out by the OEB. HHHI's 2017 debt to equity ratio is 1.31 as compared to the 2016 value of 1.13. HHHI is forecasting a positive notional debt position until 2018, at which time HHHI will be building and financing a transformer station. The 2018 and 2019 forecast reveals a debt equity ratio greater than 1.5 and reducing thereafter.

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

HHHI's current distribution rates were approved by the OEB in the 2017 Incentive Rate Mechanism Application (EB-2016-0045), effective May 1, 2017, and included 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**

In 2017, HHHI's achieved regulatory return on equity was 6.98% (2016 – 6.76%, 2015 – 6.70%), which is within the +/-3% range allowed by the OEB.

Note to Readers of 2017 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.