

Scorecard - Hydro Hawkesbury 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	97.40%	100.00%	100.00%	95.20%	97.59%		90.00%		
		Telephone Calls Answered On Time	100.00%	99.90%	99.90%	100.00%	99.99%		65.00%		
	Customer Satisfaction	First Contact Resolution			94%	94%	94%	84			
		Billing Accuracy			99.99%	99.99%	99.99%	99.94%		98.00%	
		Customer Satisfaction Survey Results			92%	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%	76.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	NI			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	1.09	0.13	0.28	1.39	4.13			0.67	
		Average Number of Times that Power to a Customer is Interrupted ²	0.47	0.25	0.13	0.60	1.53			0.50	
	Asset Management	Distribution System Plan Implementation Progress		46%	In progress	In progress	DONE 2017				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
		Total Cost per Customer ³	\$284	\$260	\$261	\$271	\$300				
Total Cost per Km of Line ³		\$23,045	\$21,050	\$21,120	\$21,694	\$24,066					
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%	60.22%			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)	0.97	0.95	1.00	0.90	1.14				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.43	0.39	0.35	0.47	0.62				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	9.36%	9.36%	9.36%	9.36%			
			Achieved	1.00%	12.48%	19.72%	17.63%	7.45%			

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

Hydro Hawkesbury Inc.

2017 Scorecard Management Discussion and Analysis (“2017 Scorecard MD&A”)

Scorecard MD&A - General Overview

In 2017, Hydro Hawkesbury Inc. (“HHI”) met or exceeded all but three performance targets. All three failed targets fell under the safety and reliability measures. HHI continues to seek new cost control measures leading to improvements in cost per customer which continued in 2017. HHI’s ranking is the most efficient group in 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 2017, HHI connected 13 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 2017, HHI scheduled 81 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. The utility met 97.59% of these appointments on time, which significantly exceeds the industry target of 95.2%.

- **Telephone Calls Answered On Time**

In 2017 HHI customer service received 6745 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 84%.

• **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For 2017 HHI issued more than 67,046 bills and achieved a billing accuracy of 99.94% with only 41 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 to monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

Safety

• Component A – Public Awareness of Electrical Safety

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of key electrical safety precautions among public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The utility conducted an online survey between December to January 2017. The results of the survey indicated a 76% 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.

HHI received a non-compliance report on April 10, 2018, requesting an action plan to address poles placed in the travelled portion of the roadway which is according to the ESA, at risk of damage. The ESA is specifically requesting an action plan to relocate the poles along with a time frame will be required to be submitted in order to meet the applicable standards.

In the response letter submitted by Hawkesbury Hydro's on April 27th, the utility explained that it had recently filed and obtained approval, from the Ontario Energy Board, for a 5-year Distribution System Plan (DSP) which includes an approved five years capital program which does not include

any project or funding related to the non-compliance of these poles in questions. HHI also noted that remedying this situation in a manner that would be satisfactory to the ESA would most likely be very expensive and as such would require the utility to seek recovery and approval of capital expenditures through an application to the Ontario Energy Board.

In an effort to respond to the specific request, and eventually arrive at an acceptable solution for all stakeholders, HHI committed to immediately ceasing all “Like-to-Like” replacements of poles in situations such as the one indicated in ESA’s letter of non-compliance. HHI also committed to evaluating the project in its entirety, once these targeted assets have been fully depreciated and are due for replacement. At which point, HHI would discuss and collaborate with all parties affected or involved. HHI also submitted a deviation certificate along with its response dated April 27, 2018.

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

HHI CHEI did not have any serious electrical incident to report in 2017.

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 2017. The major cause behind the increase in outage was the planned interruption to put in service the 115 kv substation. In all 3711 customers were affected with a total of 10424.47 hours. Other factors involve distribution system improvement, which involved the isolation of our distribution system for the safety of the linesme. Ex: change insulators and lightning arresters. Pole replacements also required transfers of the primary conductor under planned outages.

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 2017 for the reasons listed above. The results reported show that the interruptions increase from 0.60 in 2016 to 1.53 in 2017.

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 2016. The utility has been ranked No one since 2006. HHI’s costs have remained at the same level as 2016.

- **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 2017 is \$300 /customer who represents a \$29 -- increase over 2016. The overall increase in operating costs can be attributed to an increase in (1) transformer station Equipment (36k), an increase in (2) Management Salaries and Expenses due to the normalizing of costs after the utility lost its Assistant Manager/VP of Finance and (3) and increase in Outside Services Employed to train an employee in accounting functions previously done by the Assistant Manager/VP of Finance

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 2018 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 2017 rate per km of the line is \$24,066 represents an increase of \$2,3724 over 2016. 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 the 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) MANU J'AI FAIT LA DEMANDE**

Hydro Hawkesbury is on track to meet and exceed the 2017 target with achievements of over 150% of the 1,658 MWh target. The year has been successful with the Retrofit program seeing a record number of large applications and the centrally managed Coupon and HVAC programs maintaining the success of the previous year. As experienced in recent years, a large portion of 2017 energy savings will only be realized in the first semester of the following year (i.e., 2018). This situation is primarily due to Retrofit projects that were completed in 2017 but which application processes will continue into the next year.

Additionally, the centrally managed programs, Instant Discount/Deal Days and Heating, and Cooling have not yet reported results for Fall 2017. Nevertheless, the Residential Working Group estimates savings from the Fall Deal Days Event of 236 MWh for Hydro Hawkesbury which we have included in our anticipated savings.

The 2015-2016 savings amount to 105% of the two-year CDM Plan target, and 32% of the Conservation First Framework target. The projection of the 2017 savings will add up to 2,530 MWh; representing approximately 150% of the annual target. These estimated results have the potential to bring Hydro Hawkesbury's three-year savings to over 5,000 MWh and to achieve 64% of the CFF target.

HHI's CDM Plan was built to back-load the framework with larger savings targets to allow for existing programs to become more established, new province-wide programs to be released, and for GreenSaver to build relationships with Hydro Hawkesbury customers.

These savings, along with the 2015 savings account for 92% of the 2015-2016 two-year target. As such, Hydro Hawkesbury is well poised at the end of year two of conservation framework.

Connection of Renewable Generation

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

HHI does not have any Fit projects in 2017 and as such did not need Connection Impact Assessments

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

HHI did not connect MicroFit projects in 2017.

Financial Ratios

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

HHI's current liquidity rating of 1.14 which increased slightly from 0.90 in 2016 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 0.62 (60/40).

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

HHI's 2017 distribution rates were rebased and approved by the OEB in 2018 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 7.45% which fell within the +/- 3% range. HHI has also put in place financial tools and spreadsheets which is insure that its capital and operational spending are in line with its revenues.

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 to 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.