

Scorecard - Hydro Hawkesbury Inc.

| Performance Outcomes | Performance Categories | Measures | 2014 | 2015 | 2016 | 2017 | 2018 | 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% | 94.44% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 100.00% | 100.00% | 95.20% | 97.59% | 96.61% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 99.90% | 99.90% | 100.00% | 99.99% | 99.99% | | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | 94% | 94% | 94% | 84 | 96.13% | | | | |
| | | Billing Accuracy | 99.99% | 99.99% | 99.99% | 99.94% | 99.98% | | 98.00% | | |
| | | Customer Satisfaction Survey Results | 92% | 92% | 92% | 92% | 87.20% | | | | |
| 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% | 78.00% | | | | |
| | | Level of Compliance with Ontario Regulation 22/04 ¹ | C | C | C | NI | 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 | 0.13 | 0.28 | 1.39 | 4.13 | 2.92 | | | 1.41 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 0.25 | 0.13 | 0.60 | 1.53 | 1.92 | | | 0.60 | |
| | Asset Management | Distribution System Plan Implementation Progress | 46% | In progress | In progress | DONE 2017 | Complete | | | | |
| | Cost Control | Efficiency Assessment | 1 | 1 | 1 | 1 | 1 | | | | |
| | | Total Cost per Customer ³ | \$260 | \$261 | \$271 | \$300 | \$313 | | | | |
| Total Cost per Km of Line ³ | | \$21,050 | \$21,120 | \$21,694 | \$24,066 | \$24,783 | | | | | |
| 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% | 77.00% | | | 7.92 GWh | |
| | Connection of Renewable Generation | Renewable Generation Connection Impact Assessments Completed On Time | | | | | | | | | |
| Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable. | Financial Ratios | Liquidity: Current Ratio (Current Assets/Current Liabilities) | 0.95 | 1.00 | 0.90 | 1.14 | 2.04 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 0.39 | 0.35 | 0.47 | 0.62 | 0.85 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 9.36% | 9.36% | 9.36% | 9.36% | 9.00% | | | |
| | | | Achieved | 12.48% | 19.72% | 17.63% | 7.45% | -4.10% | | | |

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 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Hydro Hawkesbury Inc.

2018 Scorecard Management Discussion and Analysis (“2018 Scorecard MD&A”)

Scorecard MD&A - General Overview

In 2018, Hydro Hawkesbury Inc. (“HHI”) met or exceeded all but one 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 2018. 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 2018, HHI connected 17 services of which 94.44% 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 2018, HHI scheduled 115 appointments with its customers to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. The utility met 96.61% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2018 HHI customer service received 7233 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 96.13%.

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For 2018 HHI issued more than 67,153 bills and achieved a billing accuracy of 99.98% with only 11 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 March and April 2019. 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 473 responses. Therefore, the survey is representative of the public opinion.

The survey yielded a customer satisfaction ranking of 87.20%.

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 2018. 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**

HHI did not have any serious electrical incident to report in 2018.

System Reliability

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

HHI experienced a decrease in the average number of hours that power to a customer was interrupted during 2018 from 4.13 in 2017 to 2.92 in 2018. In all 10,671 customers were affected with a total of 16,259 hours. Other factors involve distribution system improvement, which involved the isolation of our distribution system for the safety of the linesmen. 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 2018 for the reasons listed above. The results reported show that the interruptions increase from 1.53 in 2017 to 1.92 in 2018.

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 2017. The utility has been ranked number one since 2006. HHI’s costs have remained at the same level as 2017.

- **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 2018 is \$313 /customer which represents a marginal \$13 increase over 2017.

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 2018 rate per km of the line is \$24,783 represents an increase of \$717 over 2017. 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)**

In 2018 HHI saw energy savings of approximately 1,900 MWh. These estimated results will bring HHI's four-year savings to approximately 6,600 MWh, and to approximately 85% of the 2015-2020 CFF target. So far in 2018 HHI has on-going and completed projects encompassing 137% of its savings target for 2018. We are on track to achieve approximately 140% of the 2018 target, as of December 31st, 2018.

The majority of the savings in 2018 came from the Retrofit program (52%, including the role-over projects from 2017). Following the launch of the Small Business Lighting and Business Refrigeration Incentive programs in the fall of 2018, we anticipate for this figure to change in 2019. The residential HVAC program had a significant contribution to the savings as well (23%), however due to low cost effectiveness we have decided it would be best to remove this program from the most recent CDM Plan we submitted to the IESO.

Actual 2018 Savings are generated from projects that have final applications approved and submitted to the IESO. Unfortunately, many of the

future anticipated programs are no longer available as a result of recent government directives. HHI is in the wrap-up phase as it awaits further development from the government on conservation initiatives.

Connection of Renewable Generation

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

HHI does not have any Fit projects in 2018 and as such did not need Connection Impact Assessments

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

HHI did not connect MicroFit projects in 2018.

Financial Ratios

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

HHI's current liquidity rating of 2.04 which increased slightly from 1.14 in 2017 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 0.85 (60/40).

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

HHI's 2018 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 -4.10% which fell within the +/- 3% range. The main reason for the variance is the Cost of Power used for approved rates were overstated in comparison to the actual Cost of Power. 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 2018 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.