

Scorecard - Hydro Ottawa Limited

9/29/2019

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%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	98.30%	97.10%	99.60%	99.43%	99.65%	⬆	90.00%		
		Telephone Calls Answered On Time	80.30%	82.50%	83.80%	85.07%	88.74%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution	84.1%	84.56%	84.99%	84.27	85.52%				
		Billing Accuracy	99.61%	99.80%	99.90%	99.90%	99.89%	⬆	98.00%		
		Customer Satisfaction Survey Results	83%	87%	81%	90.00	93.00%				
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		70.00%	70.00%	70.00%	70.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	1	0	0	0	⬇		1
			Rate per 10, 100, 1000 km of line	0.182	0.182	0.000	0.000	0.000	➡		0.131
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.08	1.08	1.00	1.11	0.85	⬇		1.42	
		Average Number of Times that Power to a Customer is Interrupted ²	0.73	0.71	0.74	0.73	0.78	⬇		1.04	
	Asset Management	Distribution System Plan Implementation Progress	94%	94.0%	94%	95.00	113.00%				
	Cost Control	Efficiency Assessment	3	4	4	4	4				
		Total Cost per Customer ³	\$623	\$656	\$664	\$653	\$701				
		Total Cost per Km of Line ³	\$36,169	\$38,154	\$38,794	\$37,950	\$40,766				
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		14.51%	33.47%	69.98%	85.00%			394.54 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	92.86%	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)	0.86	1.04	1.19	1.23	0.80				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.65	1.61	1.65	1.73	1.86				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.42%	9.19%	9.19%	9.19%			
			Achieved	8.06%	7.92%	9.80%	10.10%	9.14%			

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

2018 Scorecard Management Discussion and Analysis (“2018 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 2018 Scorecard MD&A:

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

Scorecard MD&A - General Overview

Hydro Ottawa’s 2018 scorecard results are a testament to its commitment to (a) deliver customer value; (b) create sustainable growth; (c) achieve performance excellence; and (d) contribute to the well-being of the community. Hydro Ottawa fundamentally believes that delivering customer value is at the core of its mission and that through the activities and initiatives it undertakes, Hydro Ottawa can create sustainable growth, achieve performance excellence and contribute to the community it serves, and, as a result, deliver long term value to its customers. These corporate objectives are consistent with the four performance outcomes set out in the Ontario Energy Board’s (OEB) Renewed Regulatory Framework, namely (a) Customer Focus – that services are provided in a manner that responds to identified customer preferences; (b) Operational Effectiveness – that continuous improvement in productivity and cost performance is achieved and utilities deliver on system reliability and quality objectives; (c) Public Policy Responsiveness – that utilities deliver on obligations mandated by the government; and (d) Financial Performance – that financial viability is maintained and savings from operational efficiencies are sustainable.

Of substantial note in 2018 is Hydro Ottawa’s decrease in the average number of hours that power to Hydro Ottawa customers is interrupted while simultaneously being exposed to severe weather events that affect reliability. Hydro Ottawa continues to proactively harden its distribution system in response to weather-related outages that have been increasing in terms of frequency and severity in recent years. In 2018, Hydro Ottawa experienced three major weather events, including freezing rain, heavy winds, and the touchdown of two EF-3 tornadoes that caused significant damage to Hydro Ottawa infrastructure.

Hydro Ottawa is committed to continuous improvement in productivity and cost performance, while simultaneously maintaining the ability to deliver increased system reliability and service quality to its customers. In 2019, Hydro Ottawa expects to continue to improve its overall scorecard performance results as compared to previous years. Performance improvements are expected as a result of the company’s significant investment in its distribution system infrastructure, along with ongoing customer engagement and responsiveness to customer feedback. Hydro Ottawa has a continual focus on providing a safe and reliable electricity distribution service to meet the needs and expectations of its customers.

Service Quality

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

Hydro Ottawa has met the OEB performance standard for connecting new residential and small commercial services within five business days, or as requested by the customer. In 2018 we connected 4,860 new small businesses and residential services. 100% of these connections were completed within 5 days or as scheduled with the customer.

- **Scheduled Appointments Met On Time**

Hydro Ottawa scheduled 6,020 appointments with its customers to complete service upgrades, meter checks and service layouts in 2018, an increase of 18% from the previous year. Hydro Ottawa met 99.65% of these appointments on time, significantly exceeding the OEB-mandated target of 90%.

Appointments that are missed are predominantly a result of significant emergencies or inclement weather events that redirect the required resources to power restoration efforts elsewhere.

- **Telephone Calls Answered On Time**

In 2018, Hydro Ottawa's customer contact center agents received 224,545 calls from its customers, of which 88.74% were answered within 30 seconds. This result significantly exceeds the industry target of 65% and is 3.67% higher than 2017.

As expected, call volumes continue to decline (8.3% less than 2017) due to the implementation of improved self-serve options and a streamlined online experience.

In 2019, web chat functionality is expected to further improve the customer experience by offering an additional channel for immediate assistance.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution increased from 84.24% in 2017 to 85.52% in 2018. This increase can be attributed to the stabilization of our new customer contact center, and continued focus on agent training and development.

This statistic is based on telephone results only. Customers who have recently contacted Hydro Ottawa by phone are chosen at random throughout the year to participate in a customer satisfaction survey. In 2018, 5118 customers responded to the survey and 4377 reported that their issue had been resolved.

- **Billing Accuracy**

As defined in the OEB's Distribution System Code, a bill is considered to be accurate if it contains correct customer information, meter readings and rates information. Billing accuracy decreased very slightly in 2018 to 99.89%. Hydro Ottawa strives to produce accurate bills for our customers and consistently surpasses the industry target of 98%.

- **Customer Satisfaction Survey Results**

For over a decade, Hydro Ottawa has engaged a third party to conduct customer satisfaction surveys. These customer satisfaction surveys provide information that supports the analysis and planning of customer service improvements and offerings within Hydro Ottawa.

The survey questions cover a wide variety of relevant topics, including overall satisfaction with Hydro Ottawa, reliability, customer service, power outages, billing, cost of electricity and corporate image. Hydro Ottawa makes use of this information to gain insight into customer expectations and needs, and to further develop customer engagement activities. Customer satisfaction surveys also help to identify the most effective means of communication with customers.

Feedback from these surveys is incorporated into Hydro Ottawa's planning process and ultimately forms the basis of plans which address customer needs and service offerings. A final report of survey outcomes confirms customer satisfaction levels and identifies areas for improvement.

In 2018, Hydro Ottawa's customer satisfaction level continues to improve with an overall satisfaction rating of 93%. The implementation of various government initiatives to address electricity affordability has relieved some of the concerns raised by customers in previous surveys.

Customers reported a significant increase in the number of outages experienced in 2018. This can be attributed to extreme weather-related events in the Ottawa region. Hydro Ottawa's quick and efficient response to major incidents resulted in improved satisfaction in electricity reliability, and ability to manage outages and restore power.

Hydro Ottawa will continue to prioritize our customers preferences by providing additional communication channels, improved self-service options, and enhanced website and online platforms.

Safety

- **Public Safety**

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

Helping customers understand the importance of staying safe and using electricity wisely is a priority for Hydro Ottawa. Hydro Ottawa works to continuously enhance public awareness of electrical safety through three primary vehicles: the Hydro Ottawa website and related social media tools, Hydro Ottawa's well-established student education program, and hazard-specific education campaigns such as Hydro Ottawa's annual promotion and support of the Ontario Regional Common Ground Alliance's (ORCGA) Dig Safe Month, the Electrical Safety Authority's (ESA) Powerline Safety Month, and the ESA's Holiday Safety Campaign. The Hydro Ottawa website provides electrical safety information to the public in a variety of subject areas including safety inside the home, outside the home, during tree trimming, during electrical emergencies, and safety tips for students.

Hydro Ottawa also has robust safety clearance standards in relation to Communications Attachments, Permanent Structures (Buildings), Adjacent Utility Poles, Banner Attachments, and Light Rail Train Overhead Clearances designed for the protection of 3rd party operators and contractors, and the general public. These standards are regularly communicated with key stakeholders such as the City of Ottawa building permit department, other utilities, and contractors. Hydro Ottawa also provides guidance to the public via its website on required clearances from underground and overhead

infrastructure when planting trees and installing swimming pools. In 2018, Hydro Ottawa safety specialists also performed 43 site visits with third party contractors to discuss the safe limits of approach to overhead powerlines.

In 2018, Hydro Ottawa's annual support of the Electrical Safety Authority's (ESA) Powerline Safety Month included a "Respect the Power" feature on the company website with supporting messages sent out through social media, updates to City Council, customer bills and the call centre's on-hold recording. Hydro Ottawa's annual holiday safety campaign incorporated a holiday safety webpage with safety tips, checklists, and a link to the ESA's holiday safety video. E-billing customers also received an e-bill e-mail that included a link to the ESA's holiday safety video.

Hydro Ottawa sponsors two informative and dynamic educational programs for kindergarten and elementary school students within our service territory. Age-appropriate presentations are provided on Electricity Safety and Conservation including "Wires" the safety puppet who makes presentations fun and exciting for Kindergarten to grade 4 students, while grade 5 through 8 students are engaged via a variety of teaching aids such as an electrified display of a miniature village.

Last year, as part of our Electricity Safety and Conservation education program, we provided training to 16,717 students from 48 schools. Since 2001, more than 2,292 presentations have been delivered to over 264,257 students in 393 elementary schools across the Ottawa community.

When it comes to electrical safety, knowledge is power. That's why Hydro Ottawa launched a new electrical safety awareness campaign in 2017 to ensure Ottawa residents are not putting themselves and their loved ones at risk around electricity. Our safety mascots, Felix the Fox and Sam the Squirrel, are teaching important lessons around electricity safety with simple precautions to take, in key areas. The six animated videos, less than a minute each, tackle key areas of learning and are available in both official languages.

To tie our Community Safety Campaign and elementary school educational programs together, we also introduced the Smart as a Fox Whiz Kid contest in 2017. After participating in one of Hydro Ottawa's school presentations, students are encouraged to complete the Whiz Quiz to show off their newly-acquired knowledge. Questions range from who to call before digging to plant a tree, to what you should do if you're inside a vehicle surrounded by a downed powerline. Not only does the quiz benefit the students, it also educates parents as they assist younger children navigate the website.

Hydro Ottawa, as a member of the Ontario Regional Common Ground Alliance (ORCGA), actively participates in Dig Safe Month in April of each year. This month is dedicated to raising awareness of safe digging practices across the province to improve safety and reduce damage to underground equipment. The ORCGA and its members encourage homeowners and contractors to call for locates before they dig to prevent injuries, property damage and electrical outages. Hydro Ottawa raised public awareness of Dig Safe Month through its customer communications including our website, social media channels and advertising, handouts, events (Ottawa's Home & Garden Show), on-bill messaging, and on-hold messaging. We also share this important message with key stakeholders and Hydro Ottawa employees.

In order to gauge overall electrical safety awareness amongst the general public, Hydro Ottawa commissioned a research firm to conduct its 2018 Public Awareness of Electrical Safety Scorecard Survey between February 26 and March 12, 2018. The online survey consisted of a representative

sample of 434 Ottawa residents, 18 years or older, currently residing in Hydro Ottawa's service territory. Responses to the six core survey questions resulted in a 2018 Public Safety Awareness Index of 70%. The results of the survey inform Hydro Ottawa's ongoing public safety messaging and programs.

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

In 2018, Hydro Ottawa demonstrated its ongoing compliance with Ontario Regulation 22/04 (Electrical Distribution Safety) through its successful completion of, and response to Due Diligence Inspections, Public Safety Concerns, Compliance Investigations and annual audits conducted by the Electrical Safety Authority (ESA). Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Hydro Ottawa's repeat success in these compliance audits and supporting activities is achieved by its strong commitment to employee and public safety, and adherence to company policies and procedures.

The 2018 Electrical Safety Authority audit report of Hydro Ottawa's compliance with Regulation 22/04 highlighted that Hydro Ottawa was compliant in the five key compliance sections examined; that Hydro Ottawa had implemented the action plans developed for the recommendations cited in the 2017 audit; and that equipment and plans or standard design drawings used in the construction of HOL's distribution system were approved, and that constructed plant was inspected and certified safe before being put into use. The audit confirmed that Hydro Ottawa has a genuine interest in improving health and safety, and that we continued to effectively implement our health, safety and environment management system, and maintain certification to the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard. Hydro Ottawa also participated in the ESA's Due Diligence Inspection (DDI) program in 2018, with a total of four due diligence inspections conducted by ESA inspectors at various locations, with no deficiencies found.

The 2018 Electrical Safety Authority audit report also highlighted that Hydro Ottawa continues to be active in the community promoting conservation and demand management, educating children and youth about electricity safety, helping to mitigate the impact of energy costs for those in need, and making other contributions to the quality of life in Ottawa. These contributions include delivering in the areas of customer service, operational efficiency, grid modernization and cybersecurity, as well as collaborating with Algonquin College to deliver the College's Powerline Technician programs in the eastern Ontario region.

Hydro Ottawa takes into account the interests of all stakeholders including employees, customers, suppliers, communities and the environment, and encourages contractors, both those working for Hydro Ottawa and those working for others, to adopt responsible business practices, and requires them to adhere to all applicable health and safety standards when working for Hydro Ottawa.

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

Under Regulation 22/04, Hydro Ottawa is required to report all serious electrical incidents of which they become aware to the Electrical Safety Authority. Under the Regulation, "serious electrical incident" means (a) any electrical contact that caused death or critical injury to a person, (b) any inadvertent contact with any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person, or (c) any fire or explosion in any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person, except a fire or explosion caused by lightning strike.

Hydro Ottawa reported eighteen (18) electrical incidents in the public domain to the ESA in 2018 involving contact with Hydro Ottawa overhead or underground infrastructure. All but two (2) of the eighteen (18) incidents resulted from contractors contacting overhead or underground lines with equipment or materials. The other two (2) incidents involved homeowners contacting overhead or underground lines while doing work on their own properties.

None of the eighteen incidents was deemed to be a serious electrical incident, so for 2018 Hydro Ottawa exceeded its General Public Incident Industry target of 1 (one) by experiencing 0 (zero) General Public Serious Electrical Incidents; and exceeded its Serious Electrical Incident Index rate target of 0.131 per 1,000 km of line by achieving a rate of 0 (zero).

Historically, the number of serious electrical incidents involving the general public in the City of Ottawa has been very low due in part to Hydro Ottawa's public education initiatives outlined under Component A above. The number of incidents is expected to continue to remain low.

System Reliability

Hydro Ottawa's reliability performance in 2018 exceeded the OEB performance standard for reliability. Hydro Ottawa continually assesses the distribution system's service reliability. Where issues are found, the appropriate analysis and action is undertaken to address weaknesses and improve performance. System reliability is integral to all work undertaken as part of system planning and asset management processes.

Hydro Ottawa strives to maintain or improve its system reliability performance indicators from year to year. Towards this goal, Hydro Ottawa's asset management practices are essential for managing the reliability impact of our assets by ensuring infrastructure renewal is keeping pace with the need. In addition, we continue to seek improvements, by assessing and implementing new methods of operation to increase system resilience and investing in grid technology which reduce restoration times when outages do occur.

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

In 2018, Hydro Ottawa's average number of hours that power to a customer was interrupted was 0.85, an improvement from the 2017 result of 1.11. This value remains below the OEB's annual target of 1.42.

Hydro Ottawa experienced three major weather related events in 2018 that impacted reliability: freezing rain and windy conditions on April 16th, heavy winds on May 4th, and a tornado on September 21st. Excluding these events, the top contributors to outages in 2018 were defective equipment and loss of supply from the provincial grid.

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

In 2018, Hydro Ottawa's average number of times that power to a customer was interrupted was 0.78, slightly above the 2017 result of 0.73 and remains below the OEB's annual target of 1.04.

Excluding the three major weather events in 2018, the top contributors to outages in 2018 were defective equipment and loss of supply from the provincial grid.

Asset Management

- **Distribution System Plan Implementation Progress**

Distribution System Plan Implementation Progress is a performance measure which Hydro Ottawa began reporting in 2013. At this time, there is no standardized measure across the Province. Hydro Ottawa's Distribution System Plan (DSP) forecasts capital expenditures required to maintain and expand its system to serve current and future Hydro Ottawa customers over the next five years. The DSP details Hydro Ottawa's prioritization process, tools and methods which ultimately direct Hydro Ottawa's capital expenditure planning process. The "Distribution System Plan Implementation Progress" measure is intended to assess Hydro Ottawa's effectiveness at planning and implementing the DSP.

Hydro Ottawa measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year in the System Renewal and System Service investment categories, excluding unplanned asset failures (plant failure), system access, and general plant investments.

In 2018 Hydro Ottawa completed 113% of its planned project spending, increased expenditures were driven by required scope changes at two large station projects, and required changes in the timing of expenditures. The 2019 and 2020, plans have been adjusted based on 2016-2018 implementation to keep track with the five year DSP plan requirements.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group (PEG) 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 2018 Hydro Ottawa's results placed the company in Group 4, which is considered "fair" and defined as having actual costs between 10% and 25% above predicted costs, according to PEG's econometric model.

Hydro Ottawa remains committed to achieving productivity savings and embraces continuous improvement into all of its operations. As part of its 2021 to 2025 Custom Incentive Rate application Hydro Ottawa will be filing evidence to demonstrate its achievements and future plans with respect to productivity and continuous improvement.

- **Total Cost per Customer**

Total cost per customer is evaluated by the Pacific Economics Group LLC on behalf of the OEB, and is calculated as the sum of Hydro Ottawa's capital and operating costs, divided by the total number of customers that Hydro Ottawa serves. The cost performance result for 2018 is \$701 per customer. Similar to most distributors in the province, Hydro Ottawa has experienced increases in its total costs required to deliver quality and reliable services to customers. Province-wide programs, investments in new information systems technology and the renewal and growth of the distribution system are some of the contributing factors to increasing operating and capital costs. However Hydro Ottawa remains focused on

productivity and cost reduction initiatives and the overall strategic direction to deliver reliable service while operating efficiently and effectively to keep rates competitive.

- **Total Cost per Km of Line**

The total cost per km of line is evaluated by the Pacific Economics Group LLC on behalf of the OEB and the cost is calculated in the same manner as the previous metric. The total cost is divided by the kilometers of line that Hydro Ottawa operates within its service territory to serve its customers. Hydro Ottawa's total cost per km of line in 2018 is \$40,766.

This measure, as calculated by the Pacific Economics group, does not account for Hydro Ottawa's unique service territory: its physical size; comprised of a geographically diverse area with significant population dispersion and a mix of urban and rural service areas. The amount of km of line in Hydro Ottawa's is the fourth largest in the province. Hydro Ottawa's service area is also one of the largest in the province in terms of customers served.

Hydro Ottawa's distribution system is an even mix of overhead wires and underground cables. While underground wires are less likely to be damaged by storms or other environmental factors, they are much more expensive to build and maintain. And, when there is a power outage, it often takes longer to locate and repair the problem, compared to overhead wires. As the City of Ottawa's population continues to grow and existing neighbourhoods become denser, additional investments are often required on the existing distribution network. The network is also expanding to accommodate new suburban subdivisions, downtown redevelopment projects and Ottawa's Light Rail Transit. At the same time, many of Hydro Ottawa's assets are aging. Large segments of the network were constructed in the 1960s, 70s and 80s. As most electrical infrastructure has a lifespan of around 50 years, a considerable number of components are approaching or have exceeded their anticipated life cycle. While continued maintenance has prolonged the life of these assets, infrastructure investments are required to continue to deliver electricity reliably and safely.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

In 2018, Hydro Ottawa achieved 59 GWh of net energy savings. This represents 15% of the 395 GWh energy savings goal for the utility as approved under the 2015-2020 Conservation First Framework (CFF) directed by the Ministry of Energy, Northern Development and Mines. This represents a cumulative total of 335 GWh at the end of 2018 which is 85% of our six-year target with two years remaining in the CFF.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) for large generation facilities (projects exceeding 10 kW) within OEB defined timelines. A CIA consists of an assessment, detailed cost estimate and an Offer to Connect within the time prescribed. Timelines vary from 60 to 90 days, depending on a number of variables such as size of project and/or whether system expansion or reinforcement is required.

In 2018, Hydro Ottawa completed 18 CIAs totaling 6209kW, all within the defined timeframe.

Hydro Ottawa performs all CIA work internally, and regularly reviews its processes for continuous improvement to benefit the customer.

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

In 2018, Hydro Ottawa connected 133 new micro-embedded generation facilities (microFIT projects of 10 kW or less) all of which were completed within the prescribed timeframe of five business days. The minimum acceptable performance level for this measure is 90% of the connection volume. Hydro Ottawa works closely with its customers and their contractors to identify and address potential issues prior to connection in order to ensure the project is completed within the prescribed timelines.

Financial Ratios

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

Hydro Ottawa's liquidity ratio has decreased from 1.23 in 2017 to 0.80 in 2018. The result indicates that for every one dollar of current liabilities within the year, the company had \$0.80 in current assets to cover the obligations. The reduced liquidity in 2018 was attributable to a reduction in accounts receivable and increased debt (Inter-company and payable within one year).

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

The OEB uses a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates (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 leveraged than the deemed capital structure. Hydro Ottawa seeks to maintain its financial health and the viability of its assets to performance standards set by the OEB for the ultimate benefit of its customers. For the past four years, Hydro Ottawa has carried a higher debt to equity ratio as a result of the significant capital expenditure program required to replace the aging distribution system infrastructure. Although Hydro Ottawa is more highly leveraged than the deemed capital structure, the company has been able to mitigate its cost of borrowing due to favourable interest rates on its long-term debt.

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

Hydro Ottawa's current distribution rates were approved by the OEB under the expectation that it will earn a 9.19% regulatory return on equity (deemed return). Should the achieved return fall outside of this expectation by plus or minus 3%, a regulatory review of Hydro Ottawa's revenues and cost structure may be conducted by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

Hydro Ottawa achieved a 9.14% regulatory return on equity in 2018, which is 0.05% below the deemed rate and well within the 12.19% allowed by the OEB.

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 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.