

Scorecard - Halton Hills Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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%	99.98%	97.66%	100.00%		90.00%		
		Telephone Calls Answered On Time	94.40%	95.85%	96.63%	96.43%	95.91%		65.00%		
	Customer Satisfaction	First Contact Resolution	99.98%	99.99%	99.98%	99.98%	100%				
		Billing Accuracy	99.84%	99.77%	99.89%	99.88%	99.90%		98.00%		
		Customer Satisfaction Survey Results	88%	88%	95%	95%	96%				
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%	85.00%	85.00%	83.00%	83.00%				
		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	2			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	1.38	1.65	1.48	1.60	1.36			1.74	
		Average Number of Times that Power to a Customer is Interrupted ²	1.65	1.13	1.60	1.70	1.73			1.82	
	Asset Management	Distribution System Plan Implementation Progress	Over budget	Over-budget	123.38%	114.56%	104.55%				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
		Total Cost per Customer ³	\$770	\$763	\$794	\$817	\$804				
		Total Cost per Km of Line ³	\$10,557	\$10,295	\$10,860	\$10,917	\$10,856				
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).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%				100.00%				
		New Micro-embedded Generation Facilities Connected On Time	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)	0.91	1.08	0.46	0.86	1.08				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.13	1.31	1.88	2.34	2.75				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	6.76%	6.98%	7.07%	4.24%	2.65%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
 2. 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.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2020 Scorecard Management Discussion and Analysis (“2020 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 2020 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.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 (281 square kilometres extending mainly to the municipal boundaries of the Town of Halton Hills, of which 255 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 (8) 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 2020.

Service Quality

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

In 2020, HHHI connected 100% of 432 (2019 – 414, 2018 – 678) eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five (5) day timeline prescribed by the Ontario Energy Board (OEB). 2020 is the eleventh (11th) straight year that HHHI has maintained 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 five (5) day window and in fact, usually within one (1) day of all requirements being completed.

- **Scheduled Appointments Met On Time**

HHHI scheduled 719 appointments with its customers in 2020 (2019 – 5,755, 2018 – 5,624) to complete work requested by customers including disconnections for upgrades, customer service meetings, reconnections, and trench inspections. HHHI was unable to include locates in the number of scheduled appointments due to a technical issue related to a new interface with Ontario 1 Call; HHHI continues to work with the software provider to enable the reporting functionality. Additionally, due to COVID-19 restrictions and both internal and external business impacts related to COVID-19, many appointments were indefinitely deferred. As a result of the locate issues and COVID-19, the number of appointments recorded was significantly less than historical. HHHI met the internal target of 100% for 2020, and significantly exceeded the industry target of 90%. HHHI continues to maintain its commitment to customer service by maintaining its high target for scheduled appointments.

- **Telephone Calls Answered On Time**

In 2020, HHHI Customer Care Representatives (CCRs) received 18,692 (2019 – 18,332, 2018 – 17,165) calls from its customers. The year 2020 saw a similar number of calls to 2019. An increase in available web-based forms and lack of collections/disconnections during the winter has contributed to the lower number of customer calls. A CCR answered a call in thirty (30) seconds or less 95.91% of the time. A comparison of the past five (5) years shows HHHI performance has remained above 94%. 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 and comparable information across electricity distributors. The process used by HHHI for reporting first contact resolution resulted in zero (0) unresolved first contacts which is equivalent to 100.00% (2019 – 99.98%, 2018 – 99.98%).

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. All OEB complaints are included as unresolved first contacts.

- **Billing Accuracy**

In 2020, HHHI issued 277,640 bills (2019 – 276,856, 2018 – 277,895) and achieved a billing accuracy of 99.90% (2019 – 99.89%, 2018 – 99.89%). This compares favourably to the prescribed OEB target of 98%.

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. Maintaining customer satisfaction is a priority for HHHI and delivering an excellent customer experience forms an important part of our culture. 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.

HHHI has engaged a third party to conduct customer satisfaction surveys every two (2) years beginning in 2012. 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.

The overall results of the 2020 Customer Service Survey reported 96% of customers were “very or fairly” satisfied and is the same as the National (96%) and above the Ontario average (95%).

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 (3) 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 (2) 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 83% and was conducted in early 2020. This result was a 2% decrease over the previous Safety survey in 2018.

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

The past ten (10) 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**

The utility must report on any serious electrical incidents involving its equipment and the general public. HHHI had two (2) Serious Electrical Incidents in 2019 (the reporting year); the first for HHHI since the Serious Electrical Incident Index has been tracked.

The first incident occurred in October 2019 when the meter at a new location sparked and it was determined that the potential transformer was wired incorrectly. While the meter was located in a controlled room within the building and there was no public access, HHHI chose to voluntarily report the incident. New processes and standards have been implemented whereby specific wiring configurations will need to meet wire harness standards and HHHI staff will be required to physically check the connections before installing metering infrastructure.

The second incident occurred in November 2019 when an existing 44 kV conductor splice failed and the conductor fell to the ground. The supply station feeder circuit breaker tripped as designed, however, when a reclose was attempted, the reclose held resulting in a live line and grass fire. HHHI has investigated the incident and there may have been a defective auto sleeve. HHHI reviewed and implemented the use of crimped sleeves/splices instead of auto sleeves on larger conductor sizes for better safety and reliability.

HHHI continues to work diligently with staff and the public to maintain the highest degree of safety and education.

System Reliability

On November 15, 2020, HHHI experienced a severe windstorm, with strong southwest winds gusting to 110 km/h, which qualified as a Major Event. The event was classified as unavoidable and disrupted normal business operations. The total number of customers affected by this outage was 8,529 or 37% of HHHI's total customer base. The outage took 4.5 hours to restore 90% of the customers who experienced the outage.

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**

HHHI experienced a total of 65,112 customer hours of outages in 2020. In November 2020, HHHI experienced a severe wind storm that caused galloping lines and broken poles. The storm was throughout HHHI's territory and lasted for an extended period of time. HHHI attempted to re-close tripped switches but as the wind continued for an extended period, most reclosed switches tripped immediately after re-closure. Due to the duration and size of the wind storm, this incident contributed to 50% of the total hours of outages and qualified as a Major Event. Major Events and Loss of Supply are outside the control of HHHI and thus are not included in the metric.

The average number of hours that power to a customer was interrupted was the lowest in five (5) years in 2020. The longest outages were a result of tree contacts, foreign interference and defective equipment. These three (3) causes accounted for 92% of total outage time.

Tree Contact – HHHI experienced 16,753 customer outage hours related to tree contacts. Of particular note are the outages that occurred on July 19, 2020 and October 23, 2020. On July 19, 2020 HHHI faced a prolong outage that affected 4,201 customers and contributed 8,962 outage hours when a tree came into contact with the 27.6kV and affected two (2) of HHHI's feeders. Due to the location of the tree and the severe weather at the time, it took just over two (2) hours to remove the tree and re-energize the line. The October 23, 2020 outage also affected a large number of customers (4,632) when a severe thunderstorm brought wind gusts of 70 km/h and resulted in a tree falling on a 27.6kV line and locking out a main feeder. The tree was outside the normal vegetation clearance area, however, due to the height of the tree and direction of the fall into the line, a large number of customers were affected. The tree was cleared and the lines re-energized in ninety (90) minutes. These two (2) outages accounted for 81% of all tree contacts and 53% of all outages (excluding the Major Event).

Foreign Interference – Twenty-five percent (25%) of all outages were related to foreign interference. There were only two (2) different causes of foreign interference; vehicle accidents (99% of foreign interference) and animal contacts (1% of foreign interference). HHHI customers experienced 6,428 hours of outages due to seven (7) vehicle accidents. These vehicle accidents resulted in 24% of all outage hours.

Defective Equipment – HHHI experienced thirty (30) defective equipment failures resulting in 5,743 customer outage hours. Many of these incidents affected a small number of customers, however, one particular broken insulator on a 27.6kV line resulted in 3,953 outage hours on December 22, 2020. This one outage accounts for thirteen percent (13%) of all outages and sixty-nine percent (69%) of defective equipment failures.

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 operation. 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 2020, HHHI had a total of 51,169 times that power to a customer was interrupted. HHHI's greatest frequency of outages in 2020 was a result of defective equipment, unknown causes and tree contacts.

Defective Equipment - There were 13,623 customer outages attributed to defective equipment which translates to twenty-seven percent (27%) of all outages. As discussed above, one particular broken insulator on a 27.6kV line resulting in 4,744 customer outages on December 22, 2020. This one outage accounts for nine percent (9%) of all outages and forty-eight percent (48%) of defective equipment failures. Additionally, an outage on June 3, 2020 with a defective switch on a 27.6kV line resulted in 4,632 customer outages (9% of total times and 47% of total defective equipment failures). HHHI is aware of the unreliability of porcelain infrastructure and have been proactively replacing the infrastructure.

Unknown Causes - There were 9,864 unknown customer outages attributed to unknown causes which translates to nineteen percent (19%) of all outages. Of the 9,864, only 182 were longer than six (6) minutes. Many unknown causes are related to animal contact, but without the evidence of the animal in question, it is difficult to determine conclusively. Additionally, two (2) of the unknown cause outages affected more than 3,800 customers each time, thus increasing the average number of times that power to a customer was interrupted.

Tree Contacts – There were 9,552 customer outages related to tree contacts in 2020. Tree contacts accounts for nineteen percent (19%) of all customer outages. Of particular note are the outages that occurred on July 19, 2020 and October 23, 2020. On July 19, 2020 HHHI faced a prolong outage that affected 4,201 customers when a tree came into contact with the 27.6kV line and affected two (2) of HHHI's feeders. The tree was outside the normal vegetation clearance area, however, due to the height of the tree and direction of the fall into the line, a large number of customers were affected. The October 23, 2020 outage also affected a large number of customers (4,632) when a severe thunderstorm brought wind gusts of 70 km/h and resulted in a tree falling on a 27.6kV line and locking out a main feeder. These two (2) outages accounted for 92% of all tree contacts and 17% of all outages (excluding the Major Event).

Asset Management

- **Distribution System Plan Implementation Progress**

HHHI's estimated total capital expenditures for 2016 to 2020 as presented in HHHI's 2016 Cost of Service Distribution System Plan (DSP) total is \$38,948,673. HHHI's actual capital additions for 2016 to 2020 totalled \$40,729,180 (net of contributed capital and construction work in progress). HHHI is currently at 104.6% of its DSP.

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 (5) groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2020, for the ninth (9th) 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 seven (7) 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 total cost performance result for 2020 is \$804/customer (2019 - \$817, 2018 - \$794). In 2020, HHHI saw a decrease in the total cost per customer which can be attributed to the COVID-19 pandemic and decreased expenses related to limited in-person activities.

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.

- **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 kilometers of line. The 2020 total km of lines in HHHI's distribution system was 1,671 km (2019 – 1,641 km, 2018 – 1,641 km). The cost performance result for 2020 is \$10,856/km of line (2019 - \$10,917, 2018 - \$10,860). In 2020, HHHI saw a decrease in the total cost per km of line which can be attributed to the COVID-19 pandemic and decreased expenses related to limited in-person activities.

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.

Connection of Renewable Generation

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

With the end of the Feed-in-Tariff program, Connection Impact Assessments (CIAs) request reporting is no longer required after 2016.

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

With the end of the Feed-in-Tariff program, micro-embedded generation connection request reporting is no longer required after 2018.

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 meet 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 Liquidity for 2020 is 1.08 (2019 – 0.86, 2018 – 0.46). The main driver for the metric change is the reduction in Trade Payables and Accrued Liabilities of \$2.865 million.

- **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’s 2020 debt to equity ratio is 2.75 as compared to the 2019 value of 2.34 (2018 – 1.88). The main driver is recognition of unfunded fair value derivative loss of \$3,211,640. The potential replacement cost to the utility of the interest rate swaps, representing estimate fair value as presented on the balance sheet is \$5,485,809 (2019 - \$2,274,169).

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

HHHI's distribution rates were approved by the OEB in the 2020 Incentive Rate Mechanism Application (EB-2019-0039), effective May 1, 2020, 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 2020, HHHI's achieved regulatory return on equity was 2.65% (2019 – 4.24%, 2018 – 7.07%), which is outside the +/- 3% range allowed by the OEB. The main driver of the reduction is the 'Adjusted Regulated Net Income' \$1,084,887 (2019 - \$1,469,849) and the increase in 'Total Rate Base' \$102,325,868 (2019 - \$86,685,348).

Note to Readers of 2020 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.