

Scorecard - Hydro 2000 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	98.80%	100.00%	100.00%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	99.70%	100.00%	99.95%	99.74%	100.00%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution	92%	99.00%	95.82%	95.82%	94.34%				
		Billing Accuracy	99.93%	99.95%	99.87%	99.93%	99.91%	⬆	98.00%		
		Customer Satisfaction Survey Results	98%	99.00%	91.48%	91	90.51%				
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%	99.00%	99.00%	75.25%	75.25%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	NC	NC	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	0.00	0.00	0.04	0.02	0.04	⬇		0.02	
		Average Number of Times that Power to a Customer is Interrupted ²	0.00	0.00	0.81	1.10	0.09	⬆		0.39	
	Asset Management	Distribution System Plan Implementation Progress	45%	25.00%	25%	20%	100%				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$496	\$565	\$544	\$530	\$575				
		Total Cost per Km of Line ³	\$31,348	\$33,741	\$32,704	\$31,368	\$34,879				
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									
		New Micro-embedded Generation Facilities Connected On Time							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.07	0.77	2.00	1.22	1.22				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.01	0.30	0.00	0.00	0.03				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	9.12%	9.12%	8.52%			
			Achieved	5.25%	-6.52%	-7.16%	11.53%	5.77%			

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

- In 2020, Hydro 2000 Inc. ("H2000") either met all performance targets or exceeded most performance targets. H2000 continues to seek new cost control measures leading to improvements in cost per customer, which continued in 2020. Going forward, the utility will continue to pursue cost-saving solutions and promoting cost-sharing with neighboring utilities.

Service Quality

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

H2000 had 16 eligible low-voltage residential and small business customers connection requests (those utilizing connections under 750 volts). All were connected within 5 working days.

• **Scheduled Appointments Met On Time**

In 2020, H2000 scheduled did not scheduled appointment with clients in light of COVID-19. For reporting purposes, the utility therefore met 100% of these appointments on time.

• **Telephone Calls Answered On Time**

In 2020, H2000 customer service received 2,896 calls from its customers. An agent answered a call in 30 seconds or less in 100% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2020 result is relatively the same as in previous years. H2000's goal is to ensure that this measure will continue to be the best possible in future years.

Customer Satisfaction

- **First Contact Resolution**

H2000 tracks its "First Contact Resolution" metric using its bi-annual customer satisfaction survey conducted in 2021. To comply with this requirement, the utility used an average of the following survey questions below. The utility believes that the results reflect accurate results.

- 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 H2000, 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 94.34%.

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2020 – December 31, 2020, H2000 issued more than 15,206 bills and achieved a billing accuracy of 99.91%. This result is in line with the prescribed OEB target of 98%. H2000 continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

H2000 conducted a customer satisfaction survey in March and April of 2021. 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 inserts 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. With those parameters, the recommended sample size was determined to be 325. The margin of error is a measure of the

precision of a sample estimate of the population value. It uses probability to demonstrate the accuracy 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 a total of 382 responses. Therefore, the survey is representative of public opinion. Or Although the survey falls short of the confidence level, H2000 feels that the results are representative of the utility's customers.

The survey was conducted in February, March and April of 2021 and yielded a customer satisfaction ranking of 90.51%.

The utility intends to continue surveying its customers on a bi-annual basis to monitor and assess residential and commercial customer knowledge, perceptions, and satisfaction regarding utility services.

H2000 new results was reported in its 2020 MD&A

Safety

- **Public 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 critical electrical safety precautions among the 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 January 2020 to April 15, 2020. 91 respondents completed the survey, which resulted in a 75.25% 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, H2000 must comply with Ontario Regulation 22/04 Electrical Distribution Safety, and compliance with this regulation is subject to annual Audits and Declarations of Compliance. Although H2000 has established acceptable working practices and procedures, H2000 Needed Improvement in complying with Ontario Regulation 22/04 and has not reported satisfactory Audits. The item raised was rather a technicality regarding the paperwork. No significant items were raised from these inspections

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

H2000 did not have any serious electrical incident to report in 2020.

System Reliability

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

H2000 experienced a decrease in its score in 2020 in comparison to 2019. The result of the decrease in reliability was due to the outage for maintenance during the year. The number of customer hours of interruptions was 52 in 2020; for a total of 114 affected customers.

H2000's system reliability is very stable and only varies with the poor weather, which tends to fall outside of the utility's control. H2000 experienced 2 occasions where the interruption was caused by vehicles and/or foreign objects, 18 interruptions due to scheduled preventive maintenance, and 5 instances due to faulty equipment. These situations were outside of H2000 control. H2000 has started maintenance programs to its aging network, which does cause interruption to the network. That said, if a power failure occurs inside of the utility's distribution system, the utility is quick in responding and rectifying the issue. H2000 continues to view the reliability of electricity service as a high priority. The utility continues to monitor its distribution assets regularly.

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

The number of interruptions for 2020 was 25 for the reasons stated in the measure above.

Asset Management

- **Distribution System Plan Implementation Progress**

H2000 has completed its Distribution System Plan ("DSP") in preparation for its 2020 Cost of Service Application, which was filed in February 2020 for rates effective November 1, 2020. To date, two years of the proposed five years plan has been completed

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. H2000 has been in group 2 since 2016, which has a stretch factor of 0.15 and has maintained its ranking in 2020. H2000 will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

- **Total Cost per Customer**

- H2000's cost per customer has increase from \$530 to 575 from 2019 to 2020. This is mainly due PCB testing to conform with the Regulation to have all PCB removed from our Network before December 31 2025 and an increase in underground locates expenses. H2000 will continue to replace distribution assets proactively along with a carefully managed timeframe in a manner that balances system risks and customer rate impacts. H2000 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 to ensure customers have an opportunity to share their viewpoints on H2000's capital spending plans.

- **Total Cost per Km of Line**

- H2000's cost per km of line has increase from \$31,368 from \$34,879 from 2019 to 2020. Again, this is mainly due PCB testing to conform with the Regulation to have all PCB removed from our Network before December 31 2025 and an increase in underground locates expenses. H2000 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 Cumulative Energy Savings**

- As a result of the Minister of Energy, Northern Development and Mines' directive on March 20, 2019, the IESO's Conservation First Framework (CFF) was revoked. All electricity CDM activity for 2019 and 2020 will be centralized and administered by the IESO.
- As distributors are no longer working towards the former 2015-2020 CDM targets, reporting on CDM targets and results and not longer applicable.

Connection of Renewable Generation

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

- H2000 did not have any new Fit projects in 2020 and as such did not need Connection Impact Assessments

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

- In 2020, H2000 did not connected any new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Should H2000 receive

a request for micro embedded generation, it will work closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Ratios

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

H2000's current ratio has been stable at 1.22 for the last 2 years. H2000 encountered an increase substantially from 2017 at a ratio of 0.77 yet the increase is not as significant if we compare to 1.07 in 2016. The liquidity ratio has remained stable over the 1 in ratio is mostly due to the lack of debt and success in reducing liabilities. The ratio still exceeds the indicator of good financial health.

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

In 2020, H2000 did not have any debts per se however, in accordance with Board policy the utility uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates.).

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

H2000's 2020 distribution rates were rebased and approved by the OEB in 2020 for rates effective November 1st. and included an expected (deemed) regulatory return on equity of 8.52%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity

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

H2000's 2020 achieved ROE is 5.77% which represents a difference of 2.75% from the approved 8.52%. The low ROE is mostly due to an increase in operation expenses as well as a difference in the actual cost of power higher than the 2020 board approved cost of power.

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.