

Scorecard - Kitchener-Wilmot 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	92.50%	98.93%	99.14%	98.53%	98.84%	↑	90.00%		
		Scheduled Appointments Met On Time	97.50%	97.93%	99.18%	99.39%	98.62%	↑	90.00%		
		Telephone Calls Answered On Time	78.40%	92.80%	91.90%	90.14%	87.97%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	99.4	99.6	99.03%	98.78	99.28				
		Billing Accuracy	100.00%	99.58%	97.37%	99.99%	99.98%	↑	98.00%		
		Customer Satisfaction Survey Results	A	A	A	A	A				
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%	83.00%	83.00%	83.00%	82.00%				
		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	3	3	1	↑		1
			Rate per 10, 100, 1000 km of line	0.000	0.000	1.524	1.520	0.505	↓		0.426
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.11	0.92	0.70	1.02	0.53	↓		0.86	
		Average Number of Times that Power to a Customer is Interrupted ²	1.11	1.03	0.97	1.05	0.92	↓		0.98	
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In Progress	In Progress	In Progress	On Target				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$494	\$487	\$519	\$524	\$519				
		Total Cost per Km of Line ³	\$23,866	\$23,707	\$25,447	\$25,873	\$25,789				
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%	100.00%	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)	1.96	1.99	2.01	1.56	1.19				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.57	0.54	0.51	0.49	0.46				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	8.52%			
			Achieved	10.18%	9.59%	9.06%	8.73%	10.14%			

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

Kitchener-Wilmot Hydro Inc. (KWHI) has been a trusted community partner for more than 100 years. As the energy industry continues to grow and evolve, KWHI consistently delivers safe, reliable, and efficient electricity distribution services at a reasonable cost to its customers.

In 2020, KWHI proudly exceeded industry targets for all Scorecard measures, achieving exceptional ratings in customer satisfaction, billing accuracy, service quality, and safety while maintaining some of the lowest distribution rates in the province. In addition, KWHI has the seventh (7th) lowest total cost per customer out of 59 Ontario distributors. KWHI continues to carefully pace and prioritize capital investments to effectively manage distribution system assets, complete necessary infrastructure improvements, and reduce outage frequency and duration to improve customer experience.

KWHI’s team of 184 employees effectively manage a distribution system that serves 99,700 customers spanning 425 square kilometres and includes more than 1,990 kilometres of overhead and underground distribution lines, 23,000 power poles, 11,000 transformers and eight (8) transformer stations.

Service Quality

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

In 2020, KWHI connected 1,445 low-voltage residential and small business customers within the five-day timeline prescribed by the Ontario Energy Board, achieving 98.84% of its total service connections on time.

- **Scheduled Appointments Met on Time**

In 2020, KWHI scheduled more than 1,630 customer appointments where the customer or representative was required to be present. KWHI staff were on time for the appointment 98.62% of the time, once again exceeding the industry standard of 90% of scheduled appointments met on time.

- **Telephone Calls Answered on Time**

In 2020, calls and emails to KWHI's call center increased due to the pandemic. 88% of the more than 63,500 telephone calls answered by KWHI's Customer Care team were answered within 30 seconds, exceeding the industry standard of 65% as set by the Ontario Energy Board. KWHI continues to develop new ways for customers to connect with our staff quickly and easily to reduce wait times and call volumes and improve customer satisfaction.

Customer Satisfaction

- **First Contact Resolution**

In 2014, LDC's were given an opportunity to define this measure in the manner that provides the most meaningful assessment. KWHI defines First Contact Resolution as all telephone calls resolved by the Call Centre on first contact, and strives to handle each customer interaction quickly, efficiently and to the customer's satisfaction. As this measure is evolving, KWHI continues to monitor its progress and track best practices of other LDCs to improve its own customer service offering.

In 2020, 99.28% of phone calls received by the Call Centre achieved First Contact Resolution thanks to the thoughtful, proactive service provided by KWHI's Customer Care team.

- **Billing Accuracy**

An accurate bill is defined as a bill that contains correct customer information, correct meter readings and correct rates. In 2020, KWHI issued more than 1,192,000 electricity bills to over 99,000 customers and achieved a billing accuracy percentage of 99.98%. KWHI is also proud to have been recognized with two awards from the Independent Electricity System Operator for the second year in a row for outstanding achievement in billing - one for 100% Synchronization Success with the Meter Data Management and Repository system and another for Highest Billing Success Rate.

- **Customer Satisfaction Survey Results**

In 2019, KWHI engaged a third party to conduct a customer satisfaction survey which invited customers to provide feedback in a variety of areas including customer service, reliability, service value, billing, and outages, and received an “A” for its overall performance. KWHI continues to review the results along with feedback received in other areas to improve its customer service offering.

Safety

- **Public Safety**

KWHI’s extensive public safety outreach program educates customers on overhead power line safety, underground electrical contact/locates, electrical safety and emergency preparedness, including participation in Fire Prevention Week, Emergency Preparedness Week, and the Electrical Safety Authority’s Powerline Safety Week.

On an ongoing basis, KWHI shares public electrical safety messages through radio and newspaper advertising, on its website, social media channels and other outlets, providing businesses, seniors, farmers, volunteers, parents, and children in its service area with seasonally relevant public safety reminders. KWHI also provides funding for electrical safety education at the Waterloo Regional Police Service’s Children’s Safety Village and sponsors the Children’s Hero Awards.

In 2020, KWHI provided electrical safety education to 1,200 grade five and six students in 17 schools. The program was delivered in person until the pandemic began and KWHI was forced to rethink its safety programming. The in-person program was adapted for online, virtual delivery that teachers could easily access for their classes.

KWHI's safety program includes the award winning one-minute animated videos featuring "Lucky the Squirrel" who teaches viewers how to be safe around electricity in areas ranging from Call Before You Dig to proximity to overhead power lines. The videos are shared on KWHI's social channels, used in KWHI's school safety program, and modified versions are played three (3) times at every Kitchener Ranger's Ontario Hockey League home game during the regular season. Online, the videos have well over 130,000 views.

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

This component of the public safety measure is intended to measure the level of safety awareness of the general public within the electricity distributor's service territory.

KWHI's score of 82% is the result of a standard survey performed by a third party in March 2020. KWHI is using the information gathered in this survey to develop and target its safety messages going forward.

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

This component of the public safety measure addresses the level of distributor compliance to Ontario Regulation 22/04, which governs the safe design and construction of electrical distribution systems. Measurement includes an audit and declaration of compliance submitted by the distributor and due diligence inspections completed by the Electrical Safety Authority. KWHI fully complies with the Ontario Regulation 22/04 safety standard.

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

A Serious Electrical Incident is defined as electrical contact, fire or explosion or equipment failure in the distribution system that causes or has the potential to cause loss of life or critical injury to a member of the general public. The guideline for reporting Serious Electrical Incidents was revised in 2017 to include a broader definition of incidents that now qualify. This component of Public Safety measures the number of serious electrical incidents involving members of the general public in KWHI's service territory. KWHI had one (1) serious electrical incident in the 2020 reporting period. KWHI continues to make public safety a priority through its educational activities and programs.

System Reliability

In 2020, KWHI continued its program of focused investments in animal control and vegetation management to improve system reliability. In addition, inferior or end-of-life equipment is replaced with new components with better performance, such as polymer insulators and switches. Real-time information about current outages can be found on KWHI's outage map at <http://outages.kwhydro.ca/gridvu/>

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

In 2020, KWHI saw a decrease in the number of hours that power was interrupted to a customer. KWHI's average number of hours that power is interrupted to a customer of 31.8 minutes is less than the provincial average.

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

The average number of times a KWHI customer was without power during the year decreased slightly in 2020. At 0.92 times, KWHI remains below the provincial average of 2.15 times for this measure and continues to carefully monitor and assess its investments to maintain the high reliability standards KWHI's customers have come to expect.

Asset Management

- **Distribution System Plan Implementation Progress**

KWHI has a long-term asset management plan that allows it to effectively pace infrastructure replacement and investments. KWHI has incorporated elements of its ongoing asset management plan into a Distribution System Plan (DSP). KWHI measures the progress of its DSP implementation by comparing actual total capital expenditures in service each year to the total amount of planned capital expenditures in the 2020-2024 DSP for the corresponding year. A variance target of +/-10% is used to determine if the DSP is on target. The result for 2020 is -1% (99%) and shows that the DSP progress is currently "On Target".

Cost Control

The following section commentary is based on figures generated by the Ontario Energy Board based on total cost benchmarking analysis conducted by the Pacific Economics Group Research LLC. The model used by the Ontario Energy Board is based on econometrics. This model establishes relationships between business conditions (i.e. number of customers, kWh deliveries, length of lines) and distributor cost. Many adjustments are made to ensure fair comparison between distributors.

- **Efficiency Assessment**

The efficiency assessment measure compares distributors' actual costs to costs predicted by the Ontario Energy Board model described above. Those LDCs with lower actual costs than predicted are considered to be better cost performers. KWHI ranked seventh (7th) in the province for lowest cost per customer in 2020, has maintained its Group 2 cost efficiency level for the past eight years, while continuing to provide exceptional customer service and high reliability performance.

- **Total Cost per Customer**

KWHI's total cost per customer compares favourably to other LDC's for providing distribution services to its customers. Distribution services includes design, maintenance and construction of infrastructure, customer services and customer education. KWHI's total cost per customer of \$519 per year is lower than the provincial average.

- **Total Cost per Km of Line**

KWHI's total cost per kilometre of line compares favourably to other LDCs. KWHI's total cost per kilometre of line of \$25,789 ranks in the top half of all provincial LDC's.

Connection of Renewable Generation

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

In 2020, KWHI performed no connection impact assessments (CIA). Distributors are required to connect CIAs within 60 days of receiving a complete application from a customer. KWHI has connected 100% of its CIA reviews on time over the past five years.

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

In 2020, KWHI connected no micro-embedded generation facilities. KWHI has consistently connected 100% of its micro-embedded generation facilities on time, exceeding the industry target of 90%.

Financial Ratios

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

The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term debt obligations. To gauge this financial metric, the current ratio considers the total current assets of a company relative to that company's total current liabilities. KWHI is maintaining a current ratio that allows it to have a margin of safety to cover financial obligations on a timely basis.

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

The Ontario Energy Board uses a deemed capital structure of 60% debt and 40% equity for distributors when establishing rates. This equates to a debt to equity ratio of 1:5. KWHI's actual debt to equity ratio of 0.46 ensures a strong balance sheet.

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

KWHI's current distribution rates were approved by the Ontario Energy Board effective January 1, 2021. In 2020, rates included an expected (deemed) regulatory return on equity of 8.52%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity.

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

In 2020, KWHI's regulatory return on equity achieved was 10.14%, which is above the deemed regulatory return on equity but is well within the +/-3% range allowed by the Ontario Energy Board. The average return over the past five years was 9.5% which is also well within the allowed return included in KWHI's approved rates. KWHI is mindful of declining kW demand and kWh energy consumption due to conservation efforts and actively seeks productivity savings arising from related process improvement initiatives.

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.