

Scorecard - Hydro One Networks Inc. (Orillia-Peterborough service areas)

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%	99.78%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	96.60%	97.43%	96.95%	98.83%	98.64%	⬆️	65.00%		
	Customer Satisfaction	First Contact Resolution	99.93%	99.88%	99.9	99.89	99.97				
		Billing Accuracy	99.98%	99.98%	99.99%	99.99%	99.99%	➡	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%	84.00%	84.00%	84.00%	84.00%				
		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	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	0.52	3.63	1.43	0.82	1.13	⬇️		1.49	
		Average Number of Times that Power to a Customer is Interrupted ²	1.10	0.92	1.50	0.54	0.82	⬇️		1.30	
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In progress	In progress	Pending	Pending				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$658	\$646	\$666	\$676	\$725				
		Total Cost per Km of Line ³	\$37,337	\$36,942	\$38,646	\$39,810	\$43,062				
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%								
		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)	0.75	0.70	0.72	0.61	0.37				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.19	1.05	0.97	1.14	0.00				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.85%	9.85%	9.85%	9.85%			
			Achieved	-1.59%	11.03%	7.55%	6.02%	2.77%			

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

Fiscal 2020 Scorecard Management Discussion and Analysis (“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](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Orillia Power’s distribution business (referred to as “the Business” or Orillia Power’s Distribution Business”) Fiscal 2020 performance has met or outperformed the Targets noted in the OEB Distribution Scorecard in all areas except for the “Average Number of Hours that Power to a Customer is Interrupted Index”.

Service Quality

New Residential / Small Business Services Connected on Time

In 2020, Orillia Power's Distribution Business processed 351 new connection requests for residential and small business low-voltage customers (those with service less than 750 Volts). Of these, 100% were completed within five business days (or as otherwise agreed to by the customer and the distributor), better than the industry target of 90% for the seventh consecutive year. The Business's ability to continue to exceed the targets is attributable mainly to strong customer-focused business processes including scheduling practices and focus on achievement of an internal target of 100%.

Scheduled Appointments Met on Time

Orillia Power's Distribution Business scheduled 383 appointments in 2020. The Business recorded a 100% success rate in meeting these commitments, better than the industry target of 90% for the seventh consecutive year. The Business's performance in appointment scheduling benefited from the same factors that contributed to the ability to connect residential and small business services within five business days. This measure applies to appointments where customer presence is required and also to those where customers do not need to be present. When a customer requests an appointment, the appointment must be scheduled within five business days (or as otherwise agreed to by the customer and the distributor). If customer presence is required, the distributor must commit to, and arrive within a four-hour window for the appointment. If customer presence is not required, the distributor must arrive on the scheduled date.

Telephone Calls Answered on Time

The OEB's Distribution System Code (DSC) requires customer service representatives to answer calls within 30 seconds, 65% of the time, whenever the customer reaches an agent either directly or by means of a transfer. In 2020, the Business answered 98.64% of calls within 30 seconds, exceeding the industry target by 33.64%. Orillia Power's Distribution Business Customer Service Representatives (CSRs) handled a total of about 12,400 calls from customers in 2020.

Customer Satisfaction

First Contact Resolution

First Contact Resolution (FCR) reports the success of the distributor in resolving a customer's issue during the first contact, as reported by the customer. Orillia Power's Distribution Business sought to resolve all issues and answer questions received from customers by way of telephone calls, walk-ins, letters and email. In 2020, 99.97% of issues were resolved during the first contact by the customer.

Billing Accuracy

In 2020, the Business issued 174,975 bills and achieved 99.99% billing accuracy, exceeding the industry target by 1.99% and consistent with previous years. The strong billing accuracy results are attributable to business process optimization and a continued focus on prompt resolution of customer and meter issues.

Customer Satisfaction Survey Results

Customer satisfaction surveys are conducted once every two years. In its most recent survey (Fall 2019), Orillia Power's Distribution Business engaged an independent third party to conduct a customer satisfaction survey on its behalf, with the objective to provide information that supports discussion surrounding improving customer service at all levels and departments within the Business. The telephone survey asked customers questions on a wide range of topics, including overall customer satisfaction, reliability, customer service, outages, billing, and corporate image. Results of the survey informed the Business's planning process and formed the basis of plans to improve customer satisfaction as well as meet customer expectations and needs.

Customers gave the company an 'A' overall for consistently providing reliable energy, handling outages and restoring power, accurate billing, quickly dealing with issues that affect customers, providing excellent quality services and making electricity safety a top priority. The independent, highly reputable firm engaged to conduct the survey has provided this service since 1999 for many Ontario utilities. Their report provided a comparison of the Business to both National and Ontario survey results, with the Business scoring above average among all Ontario utilities, as well as nationally, for customer care, company image, and management operations.

Public Safety

In April 2015, the Electrical Safety Authority (ESA) made recommendations to the OEB for a scorecard public safety measure that includes three main components: A) Public Awareness of Electrical Safety, B) Compliance with Ontario Regulation 22/04 made under the Electricity Act, 1998, and C) the Serious Electrical Incident Index. Components B and C were reported in previous years and results for Component A were tracked for the first time for fiscal 2015 performance.

- **Component A – Level of Public Awareness (Public Awareness of Electrical Safety)**

For 2020, a value of 84% was realized. This is consistent with the last three years. Results are based on a telephone survey among the public, 18 years of age or older, residing within the Business's geographic service territory. The most recent data was statistically weighted according to Canadian census figures (2016) for age, gender, and region. Survey results demonstrated that the public have good knowledge or have received some information pertaining to electrical safety. The Business continued to educate the public and promote safety awareness through various means. The Electrical Safety Authority (ESA) developed standardized questions for the survey to be conducted every two years. The ESA is monitoring the effectiveness of the surveys and will update survey questions, if required.

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

Ontario Regulation 22/04 was introduced in early 2004 following recommendations from the ESA to enhance electrical safety for the people of Ontario. The regulation sets the basis for the requirements for the safe operation of the distribution system in Ontario. Distribution companies are required to be audited yearly on the design, construction, and maintenance of distribution systems in accordance with the regulation. An external auditor performs the audit. A final report by the external auditor, along with a signed declaration of compliance to the regulation by an officer of the company for all sections that are not covered by the audit, is provided to the ESA. The performance target for compliance with the regulation is for the distributor to be fully compliant, and is recorded as Compliant (C), Non-Compliant (NC), or Needs Improvement (NI). For 2020, the Business met the performance target and received a Compliant (C) score from the ESA.

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

The Serious Electrical Incident Index was designed to track and help improve public electrical safety on the distribution network over time. A distributor and its contractors and operators are required to report to the ESA, within 48 hours, any serious electrical incident involving members of the general public. A serious electrical incident is defined as any electrical contact or any fire or explosion that caused or has the potential to cause, critical injury or death in any part of the distribution system operating at greater than 750 volts

(except as caused by lightning strikes).

In 2020, Orillia Power's Distribution Business recorded zero serious electrical incidents for the seventh consecutive year.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted¹**

For 2020, the Business reported an average outage duration of 1.13 hours, which is 0.31 hours worse than 2019 (0.82 hours). Orillia Power's Distribution Business target is 1.49 as shown on the Scorecard. The metric represents the average duration of customer interruptions, as the ratio of total customer hours of interruption to the total number of customers served and expressed as the average time in hours over the reporting period.

- **Average Number of Times that Power to a Customer is Interrupted¹**

The frequency of customer outages was reported at 0.82 outages per customer in 2020. This is 0.28 outages worse than the 0.54 outages experienced per customer in 2019 but lower than the Business's target of 1.30 shown on the Scorecard. This metric represents the average frequency of customer interruptions, as the ratio of total number of customer interruptions to the total number of customers served and expressed as the average number of customer interruptions over the reporting period.

For the above two metrics, impacts due to force majeure events and loss of supply events are excluded.

Asset Management

- **Distribution System Plan Implementation Progress**

Established by the OEB in 2013, the Distribution System Plan (DSP) implementation progress is a distributor-defined performance metric.

Orillia Power's Distribution Business did not complete a DSP due to the pending approval of its sale to Hydro One Networks Inc. On April 30, 2020, the OEB approved the purchase of all issued and outstanding shares of Orillia Power's Distribution Business by Hydro One Networks Inc.

¹ Note: The distributor specific target for Orillia Power's Distribution Business is located on the OEB Scorecard and is based on the currently approved Distribution System Plan.

Cost Control

- **Efficiency Assessment**

Cost control metrics are evaluated on behalf of the OEB by an independent party, the Pacific Economics Group LLC (PEG). The PEG study segments electrical distributors into five groups based on actual costs vs. the prediction of costs from PEG's econometric model. Group 1 distributors are considered most efficient, with actual costs 25% or more below predicted costs. Group 5 distributors are considered least efficient, according to the PEG methodology, with actual costs 25% or more above predicted costs. For 2020, Orillia Power's Distribution Business was evaluated by PEG and remained in Group 3 consistent with previous years. Group 3 comprises those utilities with actual costs within +/- 10% of predicted costs.

- **Total Cost per Customer**

The Total Cost per Customer is defined as the total Capital and Operations Maintenance & Administration (OM&A) costs, divided by the total number of customers served. This includes certain adjustments prescribed by the PEG methodology. In 2020, the Business's annual Total Cost per Customer equaled \$725, an increase of \$49 or 7.2% per customer from 2019. The increase in Total Cost from 2019 was 8.3%. This, offset slightly by the year over year 1.3% increase in the number of customers, resulted in the increase in Total Cost per Customer.

- **Total Cost per Kilometer of Line**

The Total Cost per Kilometer of line is defined as the total Capital and OM&A costs, divided by the total number of kilometers of line operated to serve customers, along with certain PEG prescribed adjustments. In 2020, the Business's Total Cost per Kilometer of line equals \$43,062, an increase of \$3,252 or 8.2% from 2019. This, offset slightly by the year over year 0.4% increase in the number of kilometers of lines, resulted in the increase in Total Cost per Kilometer of Line.

Connection of Renewable Generation

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

A Connection Impact Assessment (CIA) is used to assess the impact of a new connection on the distribution system and is applicable to facilities that are greater than 10kW. CIAs are to be completed within 60 days from the date the CIA is received as per Section 6.2.12 of the DSC.

Orillia Power's Distribution Business did not receive new applications for renewable generation in 2020.

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

This metric measures the Business's success in connecting micro-embedded generation facilities (10kW or less) 90% of the time within a five-business day window, or at such later date as agreed to by a micro-embedded generator and the distributor, of the generator informing the distributor that it has satisfied all applicable service conditions and received all necessary approvals, as per sections 6.2.7 and 6.2.7A of the DSC.

Orillia Power's Distribution Business did not connect new micro-embedded generation facilities in 2020.

Financial Ratios

The basis for these financial ratios is Orillia Power's Distribution Business' Trial Balance for the year ended December 31, 2020 filed with the OEB under the Electricity Recording & Record-Keeping Requirements (RRR) submission.

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

The Current Ratio for 2020 is reported as 0.37, which is lower than the 0.61 reported in 2019. The result indicates that for every dollar of debt due within the year, the Business had \$0.37 in cash or cash equivalents on-hand to cover the obligations. While the Current Ratio is below 1.0, this is consistent with the past 3 years. Orillia Power's Distribution Business was subject to a share purchase agreement in effect from August 15, 2016 that restricted locking in long term debt needed to finance long term capital expenditures. As a result, current liabilities were higher than they would have been in normal circumstances. This had a significant impact on lowering the Current Ratio.

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

The Total Debt-to-Equity ratio is a measure of the Business's financial leverage and serves to identify the ability to finance assets and fulfill obligations to creditors. The OEB-deemed capital structure is 1.5. Prior to the sale of the distribution business to Hydro One Networks Inc., Orillia Power's Distribution Business repaid all outstanding debt, resulting in a debt-to-equity ratio of 0.00, as compared to 1.14 in 2019.

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

Orillia Power's Distribution Business deemed regulatory return on equity (ROE) for 2020 is 9.85%, as approved by the OEB.

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

For the year 2020, the Business achieved a regulatory return on equity of 2.77%, compared to 6.02% in 2019. This represents a decrease of 3.25% compared to 2019. This decrease was due to higher OM&A costs in 2020. Higher costs in OM&A included labour costs that otherwise may have been capitalized as well as significantly higher bad debt expense. The increases were primarily due to the COVID-19 emergency and the negative economic impact on the Business and residential and business customers during the lock down period beginning in March 2020 and throughout the year.

The 2020 ROE was 7.08% lower than the deemed ROE of 9.85%. This difference is primarily due to significant increase in cost of power and the regulated amount of property, plant and equipment compared to the amount approved in the Business' last Cost of Service rate application in 2010. These increases impact the Business' working capital requirement and deemed equity compared to amounts included in its rates.

Note to Readers of the Fiscal 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.

Words such as “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “can”, “believe”, “seek”, “estimate” and variations of such words and similar expressions are intended to identify such forward-looking statements and information. Such statements include, but are not limited to, references to continued focus on prompt resolution of customer and meter issues, plans to improve customer satisfaction as well as meet customer expectations and needs, the ESA's Public Awareness Electrical Safety survey, and industry and internal targets. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Some of the factors that could cause such differences include the scope and duration of the COVID-19 pandemic and related developments including government and the company's response and mitigation measures, legislative or regulatory developments, government policy and program developments, an unexpected increase in call centre volumes, financial market conditions, general economic conditions, and the weather. For these reasons, the information on future performance is intended to be management's best judgment on the reporting date of the performance scorecard and could be markedly different in the future. We do not intend, and we disclaim any obligation to update any forward-looking statements, except as required by law.