

Scorecard - Hydro Ottawa Limited

8/31/2022

| Performance Outcomes | Performance Categories | Measures | 2017 | 2018 | 2019 | 2020 | 2021 | 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 | 99.43% | 99.65% | 99.59% | 99.56% | 98.86% | ⬇️ | 90.00% | | |
| | | Telephone Calls Answered On Time | 85.07% | 88.74% | 86.15% | 74.60% | 83.14% | ⬇️ | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | 84.27 | 85.52% | 89.32% | 89.88 | 89.04% | | | | |
| | | Billing Accuracy | 99.90% | 99.89% | 99.90% | 99.88% | 99.88% | ➡ | 98.00% | | |
| | | Customer Satisfaction Survey Results | 90.00 | 93.00% | 94.00% | 95.00 | 95.00% | | | | |
| 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% | 72.00% | 72.00% | 72.00% | | | | |
| | | 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 | 1 | 0 | ➡ | | 0 |
| | | | Rate per 10, 100, 1000 km of line | 0.000 | 0.000 | 0.000 | 0.171 | 0.000 | ➡ | | 0.049 |
| | System Reliability | Average Number of Hours that Power to a Customer is Interrupted ² | 1.11 | 0.85 | 0.77 | 0.83 | 0.83 | ⬇️ | | 0.91 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 0.73 | 0.78 | 0.75 | 0.72 | 0.62 | ⬇️ | | 0.74 | |
| | Asset Management | Distribution System Plan Implementation Progress | 95.00 | 113.00% | 84.69% | 89.00 | 92.00% | | | | |
| | Cost Control | Efficiency Assessment | 4 | 4 | 4 | 4 | 4 | | | | |
| | | Total Cost per Customer ³ | \$653 | \$701 | \$733 | \$714 | \$719 | | | | |
| | | Total Cost per Km of Line ³ | \$37,950 | \$40,766 | \$42,694 | \$41,819 | \$42,365 | | | | |
| 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 ⁴ | 100.00% | 100.00% | 87.50% | 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) | 1.23 | 0.80 | 1.14 | 0.81 | 1.00 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 1.73 | 1.86 | 1.90 | 1.98 | 1.92 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 9.19% | 9.19% | 8.98% | 8.98% | 8.34% | | | |
| | | | Achieved | 10.10% | 9.14% | 8.82% | 7.24% | 8.49% | | | |

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.

4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:

5-year trend



up down flat

Current year



target met



target not met

2021 Scorecard Management Discussion and Analysis (“2021 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 2021 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2012, the OEB adopted its current performance-based approach to regulation through its application of what is referred to as the Renewed Regulatory Framework (“RRF”). The RRF is intended to serve several key purposes: act as a more consumer-centric approach to utility regulation; better align the interests of customers and utilities; facilitate the achievement of distinct performance outcomes by utilities; and place a greater focus on delivering value for money. A cornerstone of the RRF is a set of outcomes against which utilities are measured as a means of gauging the strength of their overall performance in delivering results that are valued by customers. The categories of the RRF performance outcomes are as follows: Customer Focus, Operational Effectiveness, Public Policy Responsiveness, and Financial Performance. This Electricity Utility Scorecard is a key mechanism which facilitates the OEB’s performance monitoring and distributor benchmarking, and ultimately enables the OEB to align the needs of a sustainable, financially viable electricity sector with the expectations of customers, who want reliable service at a reasonable cost.

Since the inception of the RRF, Hydro Ottawa has endeavoured to incorporate RRF principles across its business operations, execute its corporate plans and capital investment programs in accordance with RRF objectives, and continually align its interest with those of its customers. In particular, Hydro Ottawa would like to highlight the fundamental alignment between the categories of performance outcomes under the RRF and the principle areas of focus in its own business strategy. Hydro Ottawa’s vision is to serve as the trusted energy advisor for its customers and as a leading partner in a smart energy future. To achieve this vision, Hydro Ottawa has organized its business strategy around the following four strategic objectives and areas of performance:

- **Customer Value:** We will deliver value across the entire customer experience by providing reliable, responsive, and innovative services at competitive rates.

- **Organizational Effectiveness:** We will achieve performance excellence by cultivating a culture of innovation and continuous improvement.
- **Financial Strength:** We will create sustainable growth in our business and our earnings by improving productivity and pursuing business growth opportunities that leverage our strengths – our core capabilities, our assets, and our people.
- **Corporate Citizenship:** We will contribute to the well-being of the community by acting at all times as a responsible and engaged corporate citizen.

Of these objectives, the most important driver of Hydro Ottawa’s business strategy remains Customer Value, with the utility striving to put the customer at the center of everything it does.

Hydro Ottawa is thus pleased with its 2021 Electricity Utility Scorecard results, which continue its strong performance with notable achievement in its reliability and customer focus measures. In 2022, Hydro Ottawa expects to continue to improve its overall scorecard performance as a result of its significant investment in its distribution system infrastructure, along with ongoing customer engagement and responsiveness to customer feedback.

Service Quality

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

Section 7.2 of the Distribution System Code stipulates that connections for a new service request for low voltage service (<750 volts) must be completed within five business days from the day on which all applicable service conditions are satisfied, or at such later date as agreed to by the customer and distributor. This service quality requirement must be met at least 90% of the time on a yearly basis. In 2021, Hydro Ottawa connected 5,024 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**

Section 7.4 of the Distribution System Code prescribes that when an appointment is scheduled that requires the presence of a customer, a distributor must offer to schedule the appointment during regular business hours within a window of time that is no greater than four hours. The distributor must then arrive for the appointment within the scheduled time frame. This service quality requirement must be met at least 90% of the time on a yearly basis. In 2021, Hydro Ottawa scheduled 9,001 appointments with its customers to complete service upgrades, meter checks and service layouts. This is an increase of 8% from the previous year.

Hydro Ottawa met 98.86% 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.

- **Telephone Calls Answered On Time**

Section 7.6 of the Distribution System Code stipulates that qualified incoming calls to the distributor's customer care telephone number must be answered within 30 seconds. This service quality requirement must be met at least 65% of the time on a yearly basis. In 2021, Hydro Ottawa's customer contact center agents received 186,632 calls from its customers, of which 83.14% were answered within 30 seconds. This result exceeds the industry target of 65% and is a 11.4% increase from 2020.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution decreased very slightly from 89.88% in 2020 to 89.04% in 2021. 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 2021, 3,176 customers responded to the survey and 2,828 reported that their issue had been resolved.

- **Billing Accuracy**

As defined in Section 7.1 of the OEB's Distribution System Code, a bill is considered to be accurate if it contains correct customer information, correct meter readings and correct rates information that result in an accurately calculated bill. Hydro Ottawa consistently surpasses the industry target of 98%. In 2021, Hydro Ottawa issued more than 4.2 million bills.

- **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 inform 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 2021, Hydro Ottawa's customer satisfaction level continued to improve with an overall satisfaction rating of 95%.

Hydro Ottawa will continue to prioritize its 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, tree trimming, 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. Powerline safety awareness reminders are sent to the Ottawa

Construction Association and the Greater Ottawa Truckers Association on an annual basis, and 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 2021, Hydro Ottawa Safety Partners also performed 32 site visits with third party contractors to discuss the safe limits of approach to overhead powerlines.

Hydro Ottawa commissioned a research firm to conduct its 2021 Public Awareness of Electrical Safety Scorecard Survey between March 3 and March 12, 2022. The online survey consisted of a representative sample of 432 Ottawa residents, 18 years or older, currently residing in Hydro Ottawa's service territory. Responses to the six core survey questions resulted in a 2021 Public Safety Awareness Index of 72%, which is the same as the 2019 survey. The results of the survey inform Hydro Ottawa's ongoing public safety messaging and program priorities.

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

In 2021, 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 2021 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.

o **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 20 electrical incidents in the public domain to the ESA for the 2021 reporting year involving contact with

Hydro Ottawa overhead or underground infrastructure. The 20 incidents resulted from contractors and homeowners contacting overhead or underground lines with equipment or materials. None of the 20 incidents were deemed to be a serious electrical incident, thus for the 2021 ESA Public Safety Scorecard measure, Hydro Ottawa achieved its General Public Incident Industry target of zero General Public Serious Electrical Incidents; and surpassed its Serious Electrical Incident Index rate industry target of 0.049 per 1,000 km of line by achieving a rate of 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 2021 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, Hydro Ottawa continues to seek improvements, by assessing and implementing new methods of operation to increase system resilience and investing in grid technology which reduces restoration times when outages do occur.

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

In 2021, Hydro Ottawa's average number of hours that power to a customer was interrupted was 0.83, which was the same as the 2020 result.

Hydro Ottawa experienced one major event in 2021 that impacted reliability: (1) On June 14th, a lightning strike caused an equipment failure at Church substation affecting 7,422 customers.

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

In 2021, Hydro Ottawa's average number of times that power to a customer was interrupted was 0.62, improved from the 2020 result of 0.72 and remains below the OEB's annual target of 0.74.

Excluding the one major event in 2021, the top contributors to outages in 2021 were Loss of Supply from the provincial grid, Defective Equipment and Foreign Interference.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan ("DSP") Implementation Progress measure is intended to assess each distributor's effectiveness at planning and implementing its own DSP. The DSP is an OEB requirement that forecasts the capital expenditures that are required over a five year term to maintain and expand the system to serve current and future customers. The DSP also details prioritization processes, tools and methods that direct distributors' capital expenditure planning process.

At that time, there was no standardized methodology to measure progress across the province. 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. Hydro Ottawa excludes unplanned asset failures (Emergency Renewal), System Access, and General Plant investments from its measurement.

Hydro Ottawa's goal is ultimately to complete 100% of its planned project spending on an annual basis. In 2021, Hydro Ottawa completed 92% of its planned project spending. The target was not met due to deferral of planned work resulting from labour availability, material availability and outage restrictions due to the pandemic. In addition, the budget allocated to emergency work was \$6.73M and actual unplanned spending was \$8.57M (\$1.84M increase from budget mainly driven by increased spending in poles and underground transformers).

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 2021 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 approved 2021 to 2025 Custom Incentive Rate application, Hydro Ottawa filed 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 PEG 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 2021 is \$719 per customer which is a slight increase from 2020. The delivery of Province-wide consumer 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. 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 PEG LLC on behalf of the OEB and the cost is calculated as the sum of Hydro Ottawa's capital and operating costs, 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 2021 is \$42,365. This measure, as calculated by the Pacific Economics group, does not account for Hydro Ottawa’s unique service territory: its physical size; comprising 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 territory is the fourth largest in the province. Hydro Ottawa’s distribution system is a 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.

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 of connecting the generation. Currently a detailed cost estimate and an Offer to Connect is provided within the time prescribed during the project execution stage. 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 2021, Hydro Ottawa completed 6 CIAs totaling 11,635.8 kW, all within the defined time frame.

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**

Hydro Ottawa connected 52 new Micro-embedded Generation Facilities (projects of 10 kW or less) in which 100% were completed within the prescribed time frame 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 projects were completed within the prescribed timelines.

Financial Ratios

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

Hydro Ottawa's liquidity ratio has increased from 0.81 in 2020 to 1.00 in 2021. This indicates that for every one dollar of current liabilities within the year, the company had one dollar in current assets to cover the obligations.

- **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. In 2021, Hydro Ottawa's debt to equity ratio was 1.92. 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 seven 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 manage its cost of borrowing through the issuance of 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 an 8.34% 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 an 8.49% regulatory return on equity in 2021, which is 0.15% above the deemed rate and well within the +/- 3% range allowed by the OEB.

Note to Readers of 2021 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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.