

Scorecard - Halton Hills Hydro Inc.

8/30/2023

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	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	99.98%	97.66%	100.00%	100.00%	99.26%		90.00%	
		Telephone Calls Answered On Time	96.63%	96.43%	95.91%	96.73%	96.29%		65.00%	
	Customer Satisfaction	First Contact Resolution	99.98%	99.98%	100%	99.96%	99.96%			
		Billing Accuracy	99.89%	99.88%	99.90%	99.92%	99.88%		98.00%	
		Customer Satisfaction Survey Results	95%	95%	96%	96%	90%			
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	85.00%	83.00%	83.00%	79.00%	79.00%			
		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	2	0	1		
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.591			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.48	1.60	1.36	0.97	1.83			1.49
		Average Number of Times that Power to a Customer is Interrupted ²	1.60	1.70	1.73	1.85	2.23			1.56
	Asset Management	Distribution System Plan Implementation Progress	123.38%	114.56%	104.55%	113.4%	108.10%			
	Cost Control	Efficiency Assessment	1	1	1	1	1			
		Total Cost per Customer ³	\$794	\$817	\$804	\$813	\$874			
		Total Cost per Km of Line ³	\$10,860	\$10,917	\$10,856	\$10,928	\$11,770			
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%				
		New Micro-embedded Generation Facilities Connected On Time	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)	0.46	0.86	1.08	0.73	0.70			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.88	2.34	2.75	2.14	1.49			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	8.34%	8.34%		
			Achieved	7.07%	4.24%	2.65%	10.50%	8.19%		

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

2022 Scorecard Management Discussion and Analysis (“2022 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 2022 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 forward-thinking electric distribution utility with a focus on innovation and advancement to better serve its customers’ electrification needs. HHHI 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 2022.

Service Quality

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

In 2022, HHHI connected 100% of 659 (2021 – 639) 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). 2022 is the thirteenth (13th) 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 811 appointments with its customers in 2022 (2021 – 891) to complete work requested by customers including disconnections for upgrades, customer service meetings, reconnections, and trench inspections. HHHI met the scheduled on time appointment metric 805 times for a 99.26% success rate. HHHI 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 2022, HHHI Customer Care Representatives (CCRs) received 18,726 (2021 – 19,854) calls from its customers. The year 2022 saw a slight decrease in the number of calls as compared to 2021. An increase in available web-based forms and proactive collection contacts has contributed to the slight decrease in number of customer calls. A CCR answered a call in thirty (30) seconds or less 96.29% of the time. A comparison of the past five (5) years shows HHHI performance has remained above 95%. These results significantly exceed the OEB-mandated 65% target for timely call response.

Customer Satisfaction

- **First Contact Resolution**

HHHI defines First Contact Resolution as a measure of customer calls satisfied without escalation. Starting in 2015, all escalated calls and emails from Customer Care were directed to the Customer Care Manager (CCM). The CCM determines whether the escalation is due to there not being a possible resolution to the issue 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 CCM). If the CCM 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.

The process used by HHHI for reporting first contact resolution resulted in eight (8) unresolved first contacts in 2022 which is equivalent to 99.96% (2021 – 96.96%).

- One customer was having issues with his Sentinel Light. HHHI bills for a third party provider and the customer was directed to contact the third party. When the customer did not receive an immediate, satisfactory result, the customer called back to HHHI. HHHI helped the customer to find a resolution with the third party.
- One customer had tried to contact the Engineering Department and had not received a return call in a timely manner. The Customer Service Manager

was able to locate the proper person and transfer the customer.

- The rest of the calls related to HHHI's Assurance of Voluntary Compliance for the misunderstanding relating to the daily proration of the fixed monthly service charge to customers. The customers were past customers who had moved out (no longer active customers) and felt they deserved to receive compensation. HHHI explained that the requirement to credit only current customers was discussed with and a decision made in conjunction with the OEB.

- **Billing Accuracy**

In 2022, HHHI issued 248,278 bills (2021 – 277,687) and achieved a billing accuracy of 99.88% (2021 – 99.92%). 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 a customer satisfaction survey 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 2022 Customer Service Survey reported 90% of customers were "very or fairly" satisfied and is the same as the Ontario average (90%).

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customer's perspective given 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 awareness 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 79% and was conducted in early 2022. This result was a 4% decrease over the previous Safety survey in 2020. During the COVID-19 pandemic, HHHI was unable to provide its ongoing education programs in local public schools. Historically, students who attend the sessions share their electrical safety knowledge at home.

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

The past twelve (12) 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 and 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 one (1) Serious Electrical Incident in 2021 (the most recent reporting year):

The top of a pole failed and a dead end insulator bolt released resulting in the insulator and phase conductor hitting the ground. The feeder experienced an immediate lock out, resulting in an outage. Crews were immediately dispatched and isolated the service. The insulator was replaced and the conductor was re-attached without further incident.

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

System Reliability

HHHI experienced one (1) Major Event outage in 2022.

On May 21, 2022, HHHI experienced a severe storm (derecho) with strong winds gusting up to 190 km/hr which resulted in outages that 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 7,337 or approximately 31.4% of HHHI's total customer base. The outage took 12 hours and 20 minutes to restore 90% of the customers who experienced the outage.

In response to the severity of the outages relating to lightning strikes in past years, HHHI installed lightning arrestors on certain critical components. The result was zero (0) outages related to lightning strikes in 2022.

HHHI is an embedded distributor to Hydro One and as such, will experience loss of supply similar to the loss of supply on October 22. 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 136,511 customer hours of outages in 2022. HHHI experienced one (1) Major Events in 2022 resulting from a severe wind storm in May (the May 21, 2022 derecho storm). When that outage is removed from the reporting, HHHI experienced 105,436 hours that power to a customer was interrupted. In addition to the derecho storm, HHHI experienced a five hour loss of supply due to a Hydro One maintenance outage on a transformer station on October 22nd, 2022. When the hours for the October loss of supply are also removed, HHHI experienced 42, 494 customer outage hours. Due to the duration and size of the storms, these incidents contributed to 69% of the total hours of outages and qualified as Major Events. 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 higher than 2021. The longest outages were a result of defective equipment and tree contacts. These two (2) causes accounted for 79% of total outage time (excluding Major Events).

Defective Equipment – HHHI experienced defective equipment failures resulting in 21,248 customer outage hours. Many of these incidents affected a small number of customers, however, two particular incidents resulted in 15,917 outage hours. On August 21, 2022, a switch failure caused 9,303 customer outage hours. On December 15, 2022, a broken insulator resulted in a large outage. Normally, switching would occur and customers would only experience a short outage. In this particular instance, a switch that was to close was frozen and unable to close, thus resulting in the extended outage. HHHI had already determined that the particular type of switch in question had issues when the weather was cold and HHHI has been proactively replacing this particular type with a more reliable switch.

Tree Contact – HHHI experienced 3,193 customer outage hours related to tree contacts; less than in 2021. Of particular note is the outage that occurred on December 3, 2022. The outage that affected 3,841 customers and contributed 1,993 outage hours when a tree came into contact with the 27.6kV line related to high winds. The outage itself was fairly short in duration (less than forty (40) minutes to reenergize), however, due to the higher number of customers affected, this particular outage accounted for 62% of all tree contact outage hours.

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 and SCADA wireless faulted circuit indicators 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 is in the process of providing line crews with updated computer tablets that will enable operational crews to access real time mapping data to ensure information provided to the Control Room and crews is consistent.

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

In 2022, HHHI had a total of 72,235 times that power to a customer was interrupted. When the incidents related to Major Events and loss of supply are removed, HHHI had a total of 51,986 times that power to a customer was interrupted. Therefore, the Major Event and loss of supply that HHHI experienced in 2022 accounted for approximately twenty-eight percent (28%) of the total number of customer outages. Excluding the Major Events, the greatest frequency of outages in 2022 was a result of tree contacts and defective equipment.

Tree Contact – HHHI experienced 17,511 customer outages related to tree contacts (34% of all outages, excluding Major Events and Loss of Supply). Of particular note are outages that occurred on March 31, 2022 and December 3, 2022. On March 31, 2022, a dead tree fell on the 27.6kV power line as a result of high winds. This tree contact affected 8,350 customers. . The December 3, 2022 outage affected 3,841 customers and contributed 1,993 outage hours when a tree came into contact with the 27.6kV line related to high winds. The outage itself was fairly short in duration (less than forty (40) minutes to reenergize), however, it affected a higher number of customers.

Defective Equipment - HHHI experienced defective equipment failures resulting in 16,093 customer outages. Many of these incidents affected less than one hundred customers, however, two particular incidents resulted in 12,383 customer outages. On August 21, 2022, 3,190 customers experienced an outage due to a defective switch. On December 15, 2022, a broken insulator resulted in a large outage. The insulator was on a line that fed the urban and rural areas of Acton, thus resulting in a larger than average customer outage.

Asset Management

- **Distribution System Plan Implementation Progress**

HHHI's estimated total capital expenditures for 2022 as presented in HHHI's 2021 Cost of Service Distribution System Plan (DSP) total is \$10,753,432. HHHI's actual capital additions for 2022 totalled \$11,624,879 (net of contributed capital). HHHI is currently at 108.1% of its DSP. The additional costs relate to a more than anticipated number of system access requests and an increase in material costs due to inflation (transformers alone increased 15%).

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 2022, for the eleventh (11th) 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 2022 is \$874 per customer (2021 - \$813). In 2022, HHHI saw an increase in the total cost per customer as the cost of materials used in capital and maintenance dramatically increased due to inflation in addition to the internal costs related to the May 21, 2022 derecho damages.

HHHI continues to build a culture of innovation by engaging 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 2022 total km of lines in HHHI’s distribution system was 1,701 km (2021 – 1,691 km). The cost performance result for 2022 is \$11,770/km of line (2021 - \$10,928). In 2021, HHHI saw an increased to the total cost per km of line due to the significant increase in cost of materials used in capital and maintenance and the additional internal costs related to the May 21, 2022 derecho damages.

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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) requests for renewable generation are few. HHHI consistently achieves 100% of renewable generation connection impact assessments completed on time.

- **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 2022 is 0.70 (2021 – 0.73). The main driver of the change is the increase in Bank Indebtedness used in part to fund the increase in net Regulatory Assets during the year.

- **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 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 provide.

HHHI’s 2022 debt to equity ratio is 1.49 as compared to the 2021 value of 2.14. The main driver of the improved debt to equity position is the Fair value adjustment on the derivative liability gain of \$10,241,315 (2021- \$4,017,879).

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

HHHI's distribution rates were approved by the OEB in the 2021 Cost of Service Application (EB-2020-0026), effective May 1, 2021, and included an expected (deemed) regulatory return on equity of 8.34%. 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 2022, HHHI’s achieved regulatory return on equity was 8.19% (2021 – 10.50%), which is within the +/- 3% of the OEB deemed percentage of 8.34%.

Note to Readers of 2022 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.