

Scorecard - Hydro 2000 Inc.

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> 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%	90.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
		Telephone Calls Answered On Time	99.95%	99.74%	100.00%	99.88%	93.06%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	95.82%	95.82%	94.34%	94.34%	95.22%				
		Billing Accuracy	99.87%	99.93%	99.91%	99.59%	99.55%	↓	98.00%		
		Customer Satisfaction Survey Results	91.48%	91	90.51%	90.51%	94.40%				
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	99.00%	75.25%	75.25%	79.64%	79.64%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	NC	NI	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 <sup>2</sup>	0.04	0.02	0.04	0.02	0.01	↓	0.02		
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.81	1.10	0.09	0.02	0.09	↓	0.39		
	Asset Management	Distribution System Plan Implementation Progress	25%	20%	100%	100%	100%				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer <sup>3</sup>	\$544	\$530	\$575	\$604	\$664				
		Total Cost per Km of Line <sup>3</sup>	\$32,704	\$31,368	\$34,879	\$36,337	\$40,073				
<b>Public Policy Responsiveness</b> 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 <sup>4</sup>									
		New Micro-embedded Generation Facilities Connected On Time							90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.00	1.22	1.22	1.29	1.00				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.03	0.02	0.03				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	8.52%	8.52%	8.52%			
			Achieved	-7.16%	11.53%	5.77%	0.10%	-5.46%			

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:

[https://www.oeb.ca/sites/default/files/uploads/Scorecard\\_Performance\\_Measure\\_Descriptions.pdf](https://www.oeb.ca/sites/default/files/uploads/Scorecard_Performance_Measure_Descriptions.pdf)

### Scorecard MD&A - General Overview

In 2022, Hydro 2000 Inc. ("H2000") either met all performance targets or exceeded most performance targets. H2000 continues to seek new cost control measures leading to improvements in cost per customer, which continued in 2022. Going forward, the utility will continue to pursue cost-saving solutions and promoting cost-sharing with neighboring utilities.

### Service Quality

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

In 2022, H2000 had 10 eligible low-voltage residential and small business customers connection requests (those utilizing connections under 750 volts). All but one was connected within 5 working days hence the result of 90%.

#### **Scheduled Appointments Met On Time**

In 2022 H2000 scheduled 10 appointments with its customers to complete work requested such as: read meters, reconnect, or otherwise necessary to perform. Consistent with the prior year, the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

#### **Telephone Calls Answered On Time**

In 2022, H2000 customer service received 1,800 calls from its customers. A H2000 representative answered the call in 30 seconds or less in 93.06% of these calls. This result also significantly exceeds the OEB-mandated 65% target for timely call response. The 2022 result is slightly lower than in previous years. H2000's will continue to work diligently to improve its answered calls on time going forward.

## Customer Satisfaction

### First Contact Resolution

H2000 conducted its bi-annual survey early 2022 and as such, the results below are still applicable for the purpose of the scorecard.

H2000 tracks its "First Contact Resolution" metric using its bi-annual customer satisfaction survey conducted in 2022. To comply with this requirement, the utility used an average of the following survey questions below. The utility believes that the results reflect accurate results.

- During the past 12 months, have you contacted the utility's customer service for any information or assistance?
- How would you rate the customer care representative's performance in handling your request for information?
- Are you aware of the different payment options?
- Overall, how would you rate Hydro 2000's overall performance in serving you?

The utility reported results of 95.22%.

### Billing Accuracy

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For the period from January 1, 2022 – December 31, 2022, H2000 issued more than 15,000 bills and achieved a billing accuracy of 99.55%. This result is in line with the prescribed OEB target of 98%. H2000 continues to monitor its billing accuracy results and processes to identify opportunities for improvement. The staff turnover affected the efficiency of the billing.

### Customer Satisfaction Survey Results

H2000 conducted a customer satisfaction survey in March and April of 2022. The survey's objectives included measuring:

- Utility's overall performance.
- Reliability.
- Billing and Payment Options.
- Quality of service provided by customer care.
- Quality of service provided by field employees.
- Customer awareness and usage of the department's online services.
- Customer support for greater use of renewable energy.
- Customer opinions regarding how aggressively sustainable practices should be pursued.
- Cost of Electricity.
- Overall Performance.

The utility used Survey Monkey to publish its survey and posted it on its website and its Facebook page. A bill message communicating the survey and prize was included on all the bills. The utility established that the desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5 percentage points at a 95% confidence level. With those parameters, the recommended sample size was determined to be 325. The margin of error is a measure of the precision of a sample estimate of the population value. It uses probability to demonstrate the accuracy of a sample estimate by providing a range of values in which a sample value would be expected to fall. In general, the margin of error provides a 95% confidence interval. The utility received a total of 293 responses. Therefore, the survey is representative of public opinion. Therefore, the survey is representative of public opinion.

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

## Safety

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

The intent of the Public Awareness of Electrical Safety component of the public safety measure is to measure the level of awareness of critical electrical safety precautions among the public within the electricity distributor's service territory. It measures the degree of effectiveness for distributors' activities on preventing electrical accidents. The utility conducted an online survey between November 2021 to January 2022. 232 respondents completed the survey, which resulted in a 79.64% score on Public Awareness. Going forward, the utility plans on improving its results by communicating safety measures to its customers.

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

As a licensed distributor, H2000 must comply with Ontario Regulation 22/04 Electrical Distribution Safety, and compliance with this regulation is subject to annual Audits and Declarations of Compliance. H2000 is "Compliant" with Ontario Regulation 22/04 and has reported satisfactory Audits. No significant items were raised from these inspections.

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

H2000 did not have any serious electrical incident to report in 2022.

## System Reliability

### Average Number of Hours that Power to a Customer is Interrupted

H2000 experienced a decrease in its score in 2022 in comparison to 2021. The result of the fluctuation in reliability was due to the outage for maintenance from year to year. The number of customer hours of interruptions was 14 in 2022; for a total of 138 affected customers.

H2000's system reliability is very stable and only varies with poor weather. In 2 occasions, the loss of supply was caused by large storm, one was of Derecho type where most of the clients were affected for a period upwards to 138 hours. H2000 had 5 interruptions due to scheduled preventive maintenance, 1 instance for tree contact and 2 instances due to faulty equipment. These situations are unfortunately outside of H2000 control. H2000 notes that it has started maintenance programs to tend to its aging network, which occasionally causes interruptions to the system. When schedule maintenance occurs, H2000 is quick in responding and rectifying the issue. H2000 continues to view the reliability of electricity service as a high priority. The utility continues to monitor its distribution assets regularly.

### Average Number of Times that Power to a Customer is Interrupted

The number of interruptions for 2022 was 10 for the same reasons stated in the measure above.

## Asset Management

### Distribution System Plan Implementation Progress

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

## Cost Control

### Efficiency Assessment

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. H2000 has been in group 2 since 2016, which has a stretch factor of 0.15 and has maintained its ranking in 2022. H2000 will continue to monitor its costs and strive to manage both its capital and operating costs to achieve the best efficiency results possible.

### Total Cost per Customer

H2000's cost per customer has increased from \$604 to \$664 from 2021 to 2022. This is due to many factors which PCB testing to conform with the Regulation to have all PCB removed from our Network before December 31, 2025, demolition order of the Transformer building by the Ministry of the Environment, the Derecho Storm repair, new Customer Billing Meter Software, Bad debt expenses and administrative fee. H2000 will continue to replace distribution assets proactively along with a carefully managed timeframe in a manner that balances system risks and customer rate impacts. H2000 will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system

improvement and enhancements.

### **Total Cost per Km of Line**

H2000's cost per km of line has increased from \$36,337 to \$40,073 from 2021 to 2022. Again, this is due to many factors across Maintenance, Operations, Billing and Collecting and Admin fee. H2000 continues to seek innovative solutions to help ensure the cost/km of line remains competitive and within acceptable limits to its customers.

## **Conservation & Demand Management**

### **Net Cumulative Energy Savings**

As a result of the Minister of Energy, Northern Development and Mines' directive on March 20, 2019, the IESO's Conservation First Framework (CFF) was revoked. All electricity CDM activity for 2019, 2020, 2021 and 2022 will be centralized and administered by the IESO.

As distributors are no longer working towards the former 2015-2020 CDM targets.

## **Connection of Renewable Generation**

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

H2000 did not have any new Fit projects in 2022 and as such did not need Connection Impact Assessments

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

In 2022, H2000 did not connect any new micro-embedded generation facilities (MicroFit projects of less than 10 kW). Should H2000 receive a request for micro embedded generation, it will work closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

## **Financial Ratios**

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

H2000's current ratio has been stable at 1.00. The liquidity ratio indicates that current assets are current to liabilities and that the utility is able to cover its obligation. The ratio is an indicator of good financial health for a small utility.

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

In 2022, H2000 did not have any debts per se however, in accordance with Board policy the utility uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates.

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

H2000's 2022 distribution rates were rebased and approved by the OEB and included an expected (deemed) regulatory return on equity of 8.52%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

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

H2000's 2022 achieved ROE is -5.46% which represents a difference of 13.98% from the approved 8.52%. The low ROE is mostly due to an unexpected increase in costs related to due to many factors across Maintenance, Operations, Billing and Collecting and Admin fee. The actual vs deemed debt also plays a role in the under-earning. H2000 notes that although the under-earning seems relatively large, the total OM&A overspend in comparison to the 2020 board approved is 56K. The cost related to the storm of type Derecho was over 63k.

**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.