

Scorecard - Hydro Ottawa Limited

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	99.65%	99.59%	99.56%	98.86%	99.43%		90.00%		
		Telephone Calls Answered On Time	88.74%	86.15%	74.60%	83.14%	76.81%		65.00%		
	Customer Satisfaction	First Contact Resolution	85.52%	89.32%	89.88	89.04%	86.03%				
		Billing Accuracy	99.89%	99.90%	99.88%	99.88%	99.84%		98.00%		
		Customer Satisfaction Survey Results	93.00%	94.00%	95.00	95.00%	93.00%				
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%	72.00%	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	1	0	1			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.171	0.000	0.167			0.049
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.85	0.77	0.83	0.83	1.02			0.91	
		Average Number of Times that Power to a Customer is Interrupted ²	0.78	0.75	0.72	0.62	0.69			0.74	
	Asset Management	Distribution System Plan Implementation Progress	113.00%	84.69%	89.00	92.00%	90.00%				
	Cost Control	Efficiency Assessment	4	4	4	4	4				
		Total Cost per Customer ³	\$701	\$733	\$714	\$719	\$811				
		Total Cost per Km of Line ³	\$40,766	\$42,694	\$41,819	\$42,365	\$46,747				
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%	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)	0.80	1.14	0.81	1.00	0.90				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.86	1.90	1.98	1.92	1.99				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	8.98%	8.98%	8.34%	8.34%			
			Achieved	9.14%	8.82%	7.24%	8.49%	6.94%			

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.oeb.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.

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 2022, Hydro Ottawa connected 5,155 new small businesses and residential services. 100% of these connections were completed within five 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 2022, Hydro Ottawa scheduled 9,717 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 99.43% 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 2022, Hydro Ottawa's customer contact center agents received 201,706 calls from its customers, of which 76.81% were answered within 30 seconds. This result exceeds the industry target of 65%. Factors impacting service level for telephone calls answered on time in 2022 include a challenging call center labour market, compounded with an increase in call volume as compared to 2021 - an 8.1% increase from 2021, with the May 2022 Derecho storm being a significant contributor.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution decreased from 89.04% in 2021 to 86.03% in 2022; however, remained above the target of 85%. A challenging call center labour market contributed to process knowledge gaps in 2022. In addition, there was a significant volume of inquiries relating to the May 2022 Derecho wind storm which could not be resolved upon first contact. 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 2022, 2,849 customers responded to the survey and 2,451 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, meter readings and rates information. Billing accuracy in 2022 decreased slightly to 99.84%. Hydro Ottawa strives to produce accurate bills for its customers and consistently surpasses the industry target of 98%.

- **Customer Satisfaction Survey Results**

For over two decades, 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 develop 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 2022, Hydro Ottawa's customer satisfaction level continued to remain strong at 93% as measured against the provincial average of 90%.

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 2022, Hydro Ottawa Safety Partners also performed 31 site visits with third party contractors to discuss the safe limits of approach to overhead powerlines. The third party site visits are proactive visits, when work is being carried out near powerlines, that are performed to inform constructors, supervisors and workers of the required safe limits of approach.

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 2022, Hydro Ottawa demonstrated its ongoing compliance with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved through its successful completion of and response to Due Diligence Inspections, Public Safety Concerns, Compliance Investigations and annual audits conducted by the 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.

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 ESA. 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 32 electrical incidents in the public domain to the ESA for the 2022 reporting year involving contact with Hydro Ottawa overhead or underground infrastructure. The 32 incidents resulted from contractors and

homeowners contacting overhead or underground lines with equipment or materials. One of the 32 incidents was deemed to be a serious electrical incident, so for the 2022 ESA Public Safety Scorecard measure, Hydro Ottawa exceeded its General Public Incident Industry target of zero by experiencing one General Public Serious Electrical Incident; and exceeded its Serious Electrical Incident Index rate industry target of 0.024 per 1,000 km of line by achieving a rate of 0.167. 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 2022 exceeded the OEB performance standard for reliability, with respect to SAIFI. 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's SAIDI result for 2022 was 1.02, above the OEB's annual target of 0.91. Hydro Ottawa experienced two major storms in 2022, with the May 2022 Derecho event causing widespread post-storm system impact. Following this, a system wide review was undertaken in August - September 2022 resulting in approximately 40 work packages created in order to address the main reliability issues. Packages included: fuse coordination, feeder patrols, areas for tree trimming, feeder reconfiguration, etc. These packages will continue to be completed in 2023 under the worst performing feeder betterment program.

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 2022, Hydro Ottawa's average number of hours that power to a customer was interrupted was 1.02, which was higher than the 2021 result of 0.83. The 2022 SAIDI value was also above the OEB's annual target of 0.91.

Hydro Ottawa experienced three major events in 2022 that impacted system reliability, specifically SAIDI: Derecho storm on May 21st; a Loss of Supply from Hydro One on a 115 kV transmission feed on June 18th and a winter storm on December 23rd. Excluding these events, the top contributors to SAIDI in 2022 were defective equipment and tree contacts and foreign interference.

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

In 2022, Hydro Ottawa's average number of times that power to a customer was interrupted was 0.69, which was higher than the 2021 result of 0.62. The 2022 SAIFI result was, however, below the OEB's annual target of 0.74.

Hydro Ottawa experienced three major events in 2022 that impacted overall system reliability: Derecho storm on May 21st; a Loss of Supply from Hydro One on a 115 kV transmission feed on June 18th and a winter storm on December 23rd. Excluding these events, the top contributors to SAIFI in 2022 were defective equipment, tree contacts and foreign interference.

Asset Management

- **Distribution System Plan Implementation Progress**

Distribution System Plan Implementation Progress is a performance measure which Hydro Ottawa began reporting in 2013. At that time, there was no standardized measure across the Province. Hydro Ottawa's Distribution System Plan ("DSP") forecasts capital expenditures required to maintain and expand its system to serve current and future Hydro Ottawa customers over the next five years. The DSP details Hydro Ottawa's prioritization process, tools and methods which ultimately direct Hydro Ottawa's capital expenditure planning process. The DSP Implementation Progress measure is intended to assess Hydro Ottawa's effectiveness at planning and implementing the DSP.

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, excluding unplanned asset failures (Emergency Renewal), System Access, and General Plant investments.

In 2022, Hydro Ottawa completed 90% of its planned project spending. Hydro Ottawa strives to implement 100% of its annual DSP. In 2022, this target was not met due to deferral of planned work as a result of emergency restoration due to storms, as well as labour and material availability.

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 2022, 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-setting 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 2022 is \$811 per customer, which is a fairly significant increase from 2021. This increase can be mainly explained by the Derecho storm.

In May 2022, Hydro Ottawa experienced an unprecedented weather event in its service territory marking the most devastating event in the company’s history. Winds of up to 190 kilometres per hour toppled transmission towers, damaged more than 500 hydro poles and downed many kilometres of power lines. There were more than 1,000 simultaneous power outages across Hydro Ottawa’s service territory that left over 50% of Hydro Ottawa customers without power.

The Derecho storm that was experienced in 2022 resulted in \$24 million in unexpected costs for Hydro Ottawa, and was the sixth most expensive natural disaster in Canadian history. The equivalent of four years of emergency asset replacements were made to Hydro Ottawa's distribution grid over the course of a two-week period.

In addition to the Derecho storm, 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 2022 is \$46,747, which is a fairly significant increase from 2021. This measure, as calculated by PEG, 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.

As noted above, the Derecho storm that Hydro Ottawa experienced in May 2022 resulted in a significant increase in unexpected costs.

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 for CIAs vary from 60 to 90 days (with an additional 15 days if the transmitter is involved in the assessment process), depending on a number of variables such as size of project and/or whether system expansion or reinforcement is required.

In 2022, Hydro Ottawa completed 8 CIAs totaling 4,372 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 97 new Micro-embedded Generation Facilities (projects of 10 kW or less) of which 100% were completed within the prescribed time frame of 5 business days. The minimum acceptable performance level for this measure is 90% of the connection volume. Hydro Ottawa worked closely with its customers and their contractors to identify and address potential issues prior to connection in order to ensure the projects completed within the prescribed timelines.

Financial Ratios

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

Hydro Ottawa's liquidity ratio has decreased from 1.00 in 2021 to 0.90 in 2022. The result indicates that for every one dollar of current liabilities within the year, the company had \$0.90 in current assets to cover the obligations. The reduced liquidity in 2022 was attributable to an increase in the amount drawn against its credit facility to help fund the restoration efforts resulting from the Derecho storm that struck the City of Ottawa in May 2022. The storm was the most devastating event in Hydro Ottawa's history.

- **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 2022, Hydro Ottawa's debt to equity ratio was 1.99. 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 8 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 6.94% regulatory return on equity in 2022, which is 1.40% below the deemed rate, but within the +/- 3% range allowed by the OEB. This decline in return on equity is primarily attributable to the financial impact of the Derecho storm that struck the City of Ottawa on May 21, 2022. The storm was the most devastating event in Hydro Ottawa's history.

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