

Scorecard - Hydro Hawkesbury Inc.

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	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	91.30%	100.00%	100.00%	100.00%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	98.86%	98.10%	100.00%	98.88%	98.57%	↑	90.00%		
		Telephone Calls Answered On Time	99.97%	99.96%	99.92%	99.95%	99.90%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	96.13	82.22	82	82	82				
		Billing Accuracy	99.98%	99.54%	99.65%	99.95%	99.94%	↑	98.00%		
		Customer Satisfaction Survey Results	87.2	83.93	84	84	84				
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	76.00%	76.33%	89.00%	89.00%	89.80%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	→		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	→		0.000	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.01	5.63	8.10	11.91	1.49	↑		6.55	
		Average Number of Times that Power to a Customer is Interrupted ²	0.68	2.66	2.11	4.85	2.08	↑		2.50	
	Asset Management	Distribution System Plan Implementation Progress	complete	Completed	completed	complete.	0				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
		Total Cost per Customer ³	\$289	\$305	\$319	\$327	\$395				
		Total Cost per Km of Line ³	\$22,613	\$23,523	\$24,699	\$25,176	\$30,494				
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	New Micro-embedded Generation Facilities Connected On Time							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.60	1.77	1.66	1.95	1.72				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.77	0.70	0.66	0.61	0.60				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.00%	9.00%	9.00%	9.00%			
			Achieved	16.54%	6.57%	4.58%	10.41%	0.64%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend

↑ up ↓ down → flat

Current year

● target met ● target not met

Hydro Hawkesbury Inc.

2023 Scorecard Management Discussion and Analysis (“2023 Scorecard MD&A”)

Scorecard MD&A - General Overview

In 2023, Hydro Hawkesbury Inc. (“HHI”) showcased remarkable performance by achieving or surpassing every target across all operational categories. The utility's results reflect not only its efficiency but also its adept management of resources, despite operating with a streamlined workforce and maintaining impressively low costs. HHI's dedication to excellence is evident in its continued dominance as the top performer in the province for efficiency since 2006.

Operating with a minimal staff complement, HHI has demonstrated that high performance and cost-effectiveness are not mutually exclusive. The utility's strategic focus on cost-saving measures and operational optimization has set a benchmark for the industry. Additionally, HHI's proactive approach in collaborating with neighboring utilities exemplifies its commitment to enhancing resource utilization and driving collective success.

This combination of low operational costs, a lean yet effective team, and top-tier performance underscores HHI's status as a leader in the sector, continually striving for excellence while maximizing value for its stakeholders.

Service Quality

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

In 2023, Hydro Hawkesbury Inc. (“HHI”) connected all 23 new services to its system within the Ontario Energy Board's (OEB) stringent five-day deadline. HHI excels in coordinating these connections with local municipalities and other agencies, ensuring seamless integration between municipal and electrical distribution construction activities. This commitment to efficient and collaborative execution underscores HHI's dedication to delivering exceptional service and optimizing infrastructure development.

- **Scheduled Appointments Met on Time**

In 2023, Hydro Hawkesbury Inc. (“HHI”) scheduled 122 customer appointments for tasks such as work requests, meter readings, and reconnections. Impressively, HHI met 98.39% of these appointments on time, surpassing the industry target. Notably, the utility achieved a remarkable 98.57% success rate in 69 out of 70 appointments involving direct customer or representative interaction, showcasing HHI's exceptional commitment to timely and reliable service delivery.

- **Telephone Calls Answered on Time**

In 2023, HHI's customer service handled 5,254 calls with exceptional efficiency. Remarkably, agents responded to all but three calls within 30 seconds, achieving an impressive 99.90% rate for timely call response. This outstanding performance far surpasses the Ontario Energy Board's (OEB) mandated target of 65%. Given that HHI operates with a minimal staff, this achievement is particularly noteworthy, showcasing the team's remarkable dedication and effectiveness in delivering rapid and reliable service.

Customer Satisfaction

- **First Contact Resolution**

Using its customer satisfaction survey, HHI tracks its “First Contact Resolution” metric. To comply with this requirement, the utility used an average of the following survey questions below.

Customer Service Representative

- 1) During the past 12 months, have you contacted the utility’s customer service for any information or assistance?
- 2) Thinking about your most recent contact with Hydro Hawkesbury Inc., did the customer care representative provide you with the
- 3) If not, what information did you need that the customer care representative did not provide?
- 4) Overall, how would you rate the customer care representative’s performance in handling your request for information?

The utility reported results of 88.22%.

HHI notes that it last conducted its biannual satisfaction survey in the spring of 2023. HHI will use the new results in next year’s

MD&A

- **Billing Accuracy**

Billing accuracy represents the number of customer invoices within the utility's control that were created without errors. For 2023, HHI issued more than 68,222 bills and achieved a billing accuracy of 99.94% with only 41, which was erroneous. This compares favourably to the prescribed OEB target of 98%.

HHI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

HHI conducted a customer satisfaction survey in the Spring of 2023. The results will be used in subsequent years' MD&A. For 2022, the same results as last year are being used. 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. A bill insert communicating the survey and prize was included in all bills. The utility established that the desired sampling margin of error (confidence interval) was no more significant than (+/-) 5 percentage points at a 95% confidence level. The margin of error measures 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 88 responses.

The survey yielded a customer satisfaction ranking of 83.93%.

HHI notes that it conducted its survey in the spring of 2021.

The utility intends to survey its customers bi-annually 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 Electrical Safety component of the public safety measure is to measure the awareness of critical electrical safety precautions among the public within the electricity distributor’s service territory. It measures the effectiveness

of distributors’ activities in preventing electrical accidents. The utility conducted an online survey between December 2021 to February 2022. The results of the survey indicated an 89% score on Public Awareness. In the future, the utility plans on improving its outcomes by communicating safety measures to its customers

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

As a licensed distributor, HHI must comply with Ontario Regulation 22/04 Electrical Distribution Safety, and compliance with this regulation

is subject to annual Audits and Declarations of Compliance. HHI has established practices and procedures that comply with Ontario

Regulation 22/04 and has reported satisfactory Audits. HHI must also submit an annual Declaration of Compliance for certain sections of the regulation; these have also indicated compliance. ESA also undertakes a series of Due Diligence Inspections with all

distributors. No significant items were raised from these inspections.

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

HHI did not have any severe electrical incidents to report in 2023

System Reliability

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

In 2023, HHI experienced an increase in the average number of hours that power was interrupted per customer compared to previous years. A total of 41 interruptions led to 45,743 customer hours of lost supply. Several factors impacted the performance of the distribution system:

Routine Maintenance: Routine maintenance activities occasionally resulted in temporary service disruptions, accounting for 65 customer hours.

Weather-Related Disruptions: While HHI's system reliability is typically stable, interruptions primarily occurred during extreme weather events, such as the ice storm on April 6th and a storm on July 13th, causing 22 customer hours of interruption.

Equipment Issues: A significant issue involving SF6 at the 115 KV substation led to 3,510 customer hours of interruption, contributing to a total of 5,404 customer hours lost due to defective equipment.

Recognizing the importance of maintaining a reliable electricity supply, HHI has implemented a maintenance program to address its aging network. While scheduled maintenance can sometimes lead to brief interruptions, HHI ensures swift response and efficient resolution. The utility continues to prioritize system reliability by regularly monitoring its distribution assets to prevent and minimize disruptions.

Asset Management

- **Distribution System Plan Implementation Progress**

HHI filed a Distribution System Plan (“DSP”) in its 2025 Cost of Service application which is currently under review.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario’s local electricity distribution companies are evaluated by Pacific Economics Group LLC on behalf of the Ontario Energy Board (OEB), providing a comprehensive efficiency ranking. Since 2006, Hydro Hawkesbury Inc. (“HHI”) has consistently achieved a top-tier ranking in Group 1, which includes a stretch factor of 0.00. This consistent performance through 2023 underscores HHI’s unwavering dedication to operational excellence and efficiency.

HHI's continued presence in Group 1 highlights its adept management of costs compared to peers, reflecting effective strategies in balancing capital and operating expenses. Looking ahead, HHI remains committed to rigorous cost monitoring and proactive management. The utility aims to further enhance its operations, striving for even greater efficiency and reinforcing its position as a leader in cost-effective electricity distribution.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of HHI’s capital and operating costs and dividing this cost figure by the total number of customers HHI serves. The cost performance result in 2023 of \$395/customer is up from \$327/customer in 2022.

The increase in costs is due to an increase in capital costs related to maintenance of the distribution system which was needed for reliability purposes.

HHI will continue proactively replacing distribution assets along a carefully managed timeframe that balances system risks and

customer rate impacts, as demonstrated in its 2025 Cost of Service application currently under review. HHI will continue implementing productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoints on HHI's capital spending plans.

- **Total Cost per Km of Line RRR (2.1.5 utility characteristics)**

In 2023, Hydro Hawkesbury Inc. (“HHI”) reported a rate of \$30,494 per kilometer of line, reflecting an increase from the previous rate of \$25,176 per kilometer. This rise in cost is attributed to similar factors detailed in the earlier explanation regarding cost per customer.

The increase is primarily due to rising operational and maintenance expenses, as well as increased investments in infrastructure to enhance system reliability and meet regulatory requirements. Despite these challenges, HHI remains steadfast in its commitment to managing and mitigating costs.

To address this, HHI is actively pursuing innovative solutions aimed at keeping the cost per kilometer of line competitive and within acceptable limits for its customers. This includes optimizing construction practices and seeking cost-effective materials and methods. By continuously improving its approach, HHI strives to balance maintaining high service quality with controlling expenses, ensuring that customers receive value while keeping costs in check.

Conservation & Demand Management

- **Net Annual Peak Demand Savings (Percent of target achieved) & Net Cumulative Energy Savings (Percent of target achieved)**

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

As distributors are no longer working towards the former 2015-2021 CDM targets, reporting on CDM targets and results and no longer applicable.

Connection of Renewable Generation

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

HHI did not have any Fit projects in 2023 and, as such, did not need Connection Impact Assessments

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

HHI did not connect MicroFit projects in 2023.

Financial Ratios

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

Hydro Hawkesbury Inc. (“HHI”) experienced a decrease in its liquidity rating from 1.95 in 2022 to 1.72 in 2023. Despite this decline, the current liquidity rating is still near the threshold indicative of good financial health.

A liquidity rating of 1.72 suggests that while HHI's ability to meet its short-term obligations has slightly weakened compared to the previous year, it remains relatively strong. HHI's liquidity rating of 1.72 still reflects a solid financial position, indicating that the utility is generally in a stable position to manage its immediate financial commitments. It's important for HHI to continue monitoring and managing its liquidity to maintain financial health and ensure it can effectively address any short-term needs.

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

Following Board policy, the utility uses a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates.

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

HHI's 2023 distribution rates were rebased and approved by the OEB in 2018, including an expected (deemed) regulatory return

on equity of 9.00%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

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

HHI's return of 0.64%, which is well below the 9.00% OEB approved rate, indicates a need for improved financial performance. The utility has applied for a rebasing of its rates in hopes that it will help it enhance efficiency, manage its costs effectively.

Note to Readers of 2023 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 several 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 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. It could be markedly different in the future.