

Scorecard - Hydro Ottawa Limited

9/12/2024

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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	99.59%	99.56%	98.86%	99.43%	95.32%		90.00%		
		Telephone Calls Answered On Time	86.15%	74.60%	83.14%	76.81%	86.99%		65.00%		
	Customer Satisfaction	First Contact Resolution	89.32%	89.88	89.04%	86.03%	85.65%				
		Billing Accuracy	99.90%	99.88%	99.88%	99.84%	99.88%		98.00%		
		Customer Satisfaction Survey Results	94.00%	95.00	95.00%	93.00%	91.00%				
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	72.00%	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	1	0	1	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.171	0.000	0.167	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.77	0.83	0.83	1.02	1.03			0.91	
		Average Number of Times that Power to a Customer is Interrupted ²	0.75	0.72	0.62	0.69	0.63			0.74	
	Asset Management	Distribution System Plan Implementation Progress	84.69%	89.00	92.00%	90.00%	75.00%				
	Cost Control	Efficiency Assessment	4	4	4	4	4				
		Total Cost per Customer ³	\$733	\$714	\$719	\$811	\$935				
		Total Cost per Km of Line ³	\$42,694	\$41,819	\$42,365	\$46,747	\$54,210				
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	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)	1.14	0.81	1.00	0.90	0.94				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.90	1.98	1.92	1.99	1.94				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.34%	8.34%	8.34%			
			Achieved	8.82%	7.24%	8.49%	6.94%	6.15%			

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

2023 Scorecard Management Discussion and Analysis (“2023 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 2023 Scorecard MD&A:

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

Scorecard MD&A - General Overview

Hydro Ottawa Limited (Hydro Ottawa) is a regulated local distribution company (LDC) operating in the city of Ottawa and the village of Casselman. Hydro Ottawa is 100% owned by the City of Ottawa and is the third largest municipally-owned electric utility in Ontario. Hydro Ottawa provides clean, safe and reliable electricity to approximately 364,000 residential and commercial customers across 1,116 square kilometres.

The Ontario Energy Board (OEB) is the Ontario independent provincial regulator of the electricity and natural gas sectors. The OEB operates primarily under the Renewed Regulatory Framework, which sets out objectives to guide distributors and better serve the public. The objectives are for regulated utilities to provide customer-focused services, improve operational effectiveness, respond to public policy actions, and produce sustainable financial performance. The distributor’s performance in meeting these objectives is measured and published annually by the OEB via its Electricity Utility Scorecard. This Scorecard provides Hydro Ottawa’s 2023 results of 21 performance measures. This Management Discussion and Analysis has been added to the scorecard by Hydro Ottawa to support the OEB’s Renewed Regulatory Framework and to promote meaningful dialogue with our customers.

In 2023, Hydro Ottawa experienced several severe weather events in its service territory, including ice storms, wind storms, severe thunderstorms, tornadoes and flooding. In addition, the utility experienced an 84-day labour strike. These events, in addition to rising costs and interest rates, had significant impacts on Hydro Ottawa’s costs. However, Hydro Ottawa remains committed to achieving productivity savings and embraces continuous improvement in its operations.

Service Quality

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

Section 7.2 of the OEB's Distribution System Code requires that new service connection requests for low-voltage customers (less than 750 volts) must be completed within five business days after all applicable service conditions are satisfied, or at a later date as agreed upon by the customer and distributor. This requirement must be met at least 90% of the time. In 2023, Hydro Ottawa met this requirement 100% of the time, connecting 3,270 new low voltage services within five days.

- **Scheduled Appointments Met On Time**

Section 7.4 of the OEB's Distribution System Code states that when a customer must be present for an appointment, the distributor must offer to schedule the appointment during regular business hours, within no more than a four-hour window, and arrive during that time frame. The utility is measured by the percentage of times it arrives for the appointment within the scheduled time frame, and is required to meet this requirement at least 90% of the time. In 2023, Hydro Ottawa scheduled 9,379 appointments and completed 95.3% of these appointments on time.

The majority of missed appointments were due to an 84-day strike and severe weather events that required resources to be diverted to restoration efforts.

- **Telephone Calls Answered On Time**

The OEB's Distribution System Code, Section 7.6, requires that qualified incoming calls to the distributor's customer care number must be answered within 30 seconds. This requirement must be met at least 65% of the time. In 2023, Hydro Ottawa's customer contact center received 180,606 calls from its customers, of which 86.99% were answered within 30 seconds. The 2023 result was in line with the historical average.

Customer Satisfaction

- **First Contact Resolution**

First contact resolution is when a customer's issue is resolved during their initial contact, eliminating the need for further calls. The OEB does not prescribe a specific manner to determine this metric, allowing distributors flexibility.

Hydro Ottawa measures its first call resolution via a telephone survey by randomly selecting customers who recently contacted the utility. In 2023, Hydro Ottawa achieved a first call resolution of 85.56%. Of the 2,397 customers who responded to the survey, 2,053 reported that their issue was resolved on first contact.

The 2023 score was lower than historical performance due to increased call volume during the April ice storm, the impacts of the 84-day labour strike, and changes to the MyAccount online customer portal.

- **Billing Accuracy**

The OEB's Distribution System Code, Section 7.1, defines an accurate bill as containing correct customer information, meter readings and rate information. Hydro Ottawa's billing accuracy in 2023 was 99.88%, which surpassed the 98% industry standard.

- **Customer Satisfaction Survey Results**

The OEB requires distributors to measure and report customer satisfaction every two years. The OEB allows distributors discretion in producing the metric.

Hydro Ottawa contracts a third party to conduct its customer satisfaction survey. The survey measures overall customer satisfaction with Hydro Ottawa in areas of reliability, customer service, power outages, billing, cost of electricity, and corporate image. Hydro Ottawa uses this information to gain insight into customer expectations, and needs, and to develop customer engagement activities.

In 2023, Hydro Ottawa's overall customer satisfaction score remained strong at 91%.

Safety

- **Public Safety**

The Electrical Safety Authority (ESA), Ontario's electrical safety regulator, developed three safety measures using feedback from industry stakeholders. These measures were adopted by the OEB to assess safety performance and incorporated into the scorecard.

Hydro Ottawa prioritizes safety by promoting electrical safety awareness and abiding by stringent safety standards. Hydro Ottawa has consistently met the scorecard targets for safety and compliance, and endeavours to maintain its safety performance going forward.

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

The OEB requires distributors to conduct a safety survey every two years. The ESA, in collaboration with distributors, developed a standardized survey to measure public awareness of electrical safety. Hydro Ottawa commissions a third party to conduct its biennial public awareness and electrical safety survey.

Hydro Ottawa completed its most recent survey in March 2024 and scored 72% for public safety awareness. The survey included 917 respondents. This score is consistent with Hydro Ottawa’s 2022 survey results.

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

The Electrical Distribution Safety Regulation, Ontario Regulation 22/04, establishes objective-based electrical safety requirements of distributors for the design, construction, and maintenance of their networks. Hydro Ottawa has a distributor specific target of being compliant with 100% of this regulation, which it strives to achieve each year.

In 2023, Hydro Ottawa was fully compliant with the regulation. Hydro Ottawa responded to and resolved all due diligence inspections, public safety concerns, compliance investigations, and its annual ESA audits. This result demonstrates Hydro Ottawa’s strong commitment to employee and public safety.

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

The Electrical Distribution Safety Regulation, Ontario Regulation 22/04, requires that distributors report all serious electrical incidents to the ESA. The ESA defines a serious electrical incident as (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 fire or explosion caused by lightning strike.

Hydro Ottawa reported 20 electrical incidents to the ESA during the 2023 reporting year (April 1, 2022, to March 31, 2023). The 20 incidents resulted primarily from equipment or material contact with Hydro Ottawa lines. Of the 20 incidents, zero were

deemed to be a General Public Serious Electrical Incident. Accordingly, Hydro Ottawa's serious electrical incidence rate was zero per 1,000 kilometers of line, which met its OEB targeting.

System Reliability

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

In 2023, Hydro Ottawa customers experienced an average of 1.03 interrupted hours, slightly higher than the 2022 score of 1.02 hours. This result surpassed the OEB's target of 0.91 for Hydro Ottawa, which is based on Hydro Ottawa's historical performance. The increase in outages was attributed to severe weather events in 2023, including an April freezing rain storm, as well as other network issues such as equipment failures and events outside the distributor's control.

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

In 2023, Hydro Ottawa customers experienced an average of 0.64 interruptions (excluding loss of supply due to the transmission system and major event days). This result outperformed both the OEB's target of 0.74 interruptions and the 2022 average of 0.69 interruptions.

Hydro Ottawa improved its performance by implementing strategic changes to its electrical system. These changes included better coordination of protective devices, sectioning longer power lines into smaller segments, and implementing a more comprehensive vegetation management program. These changes helped to limit the number of customers impacted by outages.

Asset Management

- **Distribution System Plan Implementation Progress**

Hydro Ottawa's Distribution System Plan (DSP) outlines the necessary capital investments to maintain and expand its system to meet current and future Hydro Ottawa customer needs. This five-year plan was approved by the OEB in 2021. Hydro Ottawa measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a year over the total forecasted capital expenditures for that year (excluding unplanned asset failures, system access and general plant investments).

In 2023, Hydro Ottawa achieved 75% of its planned project spending. Although Hydro Ottawa strives to implement 100% of its annual DSP every year, unforeseen challenges, primarily the 84-day labour strike, led to delays across all planned programs.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario LDCs 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. Each group is given an efficiency assessment rating of one to five. In 2023, Hydro Ottawa’s results placed the company in Group 4, which is considered “fair” and is 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 in 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**

The total cost per customer metric is produced by PEG 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 2023 is \$953 per customer. The year-over-year increase in PEG’s unit cost is mainly attributed to two factors: 1) the 84-day labour strike, which resulted in additional contractors, security and legal costs, and 2) severe weather events.

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 kilometre (km) of line metric is produced by PEG on behalf of the OEB and is calculated as the sum of Hydro Ottawa’s capital and operating costs, divided by the km of line that Hydro Ottawa operates within its service territory. Hydro Ottawa’s total cost per km of line in 2023 was \$54,210, a \$7,463 increase from the year before.

As noted above, the increase in PEG’s unit cost metric can be attributed to the 84-day labour strike and severe weather events.

Connection of Renewable Generation

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

Section 6.2.7 of the OEB's Distribution System Code mandates distributors to connect micro-embedded generation facilities (up to 10 kW) to its distribution system within five business days, or at a later date as agreed upon by both parties. The Distribution System Code requires that distributors meet this requirement 90% of the time.

Hydro Ottawa connected 84 new micro-embedded generation facilities in 2023, with 100% completed within the five business day timeframe, surpassing the industry target of 90%.

Financial Ratios

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

Hydro Ottawa's liquidity ratio increased from 0.90 in 2022 to 0.94 in 2023. This result indicates that for every dollar of current liabilities within the year, Hydro Ottawa had \$0.94 in current assets to cover its 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 it regulates when establishing rates. The deemed structure produces a debt-to-equity ratio of 1.5 ($60/40=1.5$). A debt-to-equity ratio of more than 1.5 indicates that a distributor is more leveraged than the generic capital structure. In 2023 Hydro Ottawa's debt-to-equity ratio was 1.94.

Hydro Ottawa has maintained a higher debt-to-equity ratio than the generic capital structure for several years, due to its significant capital expenditures required to replace aging infrastructure. Although Hydro Ottawa is more leveraged than the generic capital structure, it has been able to manage its cost of borrowing through the issuance of long-term debt and the introduction of a commercial paper program.

- **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 a 6.15% regulatory return on equity in 2023, this is 2.19% below the deemed return on equity and within the plus or minus 3% range allowed by the OEB. The 2023 return on equity is primarily attributable to the costs associated with severe weather, increases in short-term interest rates, and the 84-day strike.

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 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.