Scorecard - Oakville Hydro Electricity Distribution Inc.

10/7/2021

Performance Outcomes	Performance Categories	Measures		2016	2017	2018	2019	2020	Trend	Target: Industry	Target: 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		81.20%	97.03%	95.16%	94.72%	83.10%		90.00%	
		Scheduled Appointments Met On Time		100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time		72.80%	80.62%	85.20%	85.90%	79.34%		65.00%	
	Customer Satisfaction	First Contact Resolution		96.8%	96.6%	96.5%	96.3%	95.6%			
		Billing Accuracy		99.92%	99.99%	99.99%	99.96%	99.54%		98.00%	
		Customer Satisfaction Survey Results		92%	90%	92%	94%	95%			
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		80.00%	83.00%	83.00%	82.00%	82.00%			
		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	0	1	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.522	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.50	0.50	0.62	0.74	0.61			0.57
		Average Number of Times that Power to a Customer is Interrupted [2]		0.90	0.79	0.80	1.19	0.85			0.85
	Asset Management	Distribution System Plan Implementation Progress		On Track	On Track	On Track	Above target	On Track			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer [3]		$720	$695	$719	$736	$712			
		Total Cost per Km of Line [3]		$26,324	$25,630	$27,071	$28,134	$26,342			
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		100.00%				100.00%			
		New Micro-embedded Generation Facilities Connected On Time		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)		1.48	1.56	1.42	1.25	1.23			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.06	1.02	0.95	0.92	0.88			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	9.36%			
			Achieved	10.71%	9.69%	10.65%	9.31%	8.42%			

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

2020 Scorecard Management Discussion and Analysis (2020 Scorecard MD&A)

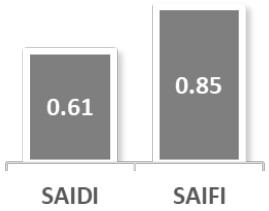
2020 Highlights

Oakville Hydro is the Town of Oakville's electricity distribution company. We strive to provide the best energy and conservation solutions to our more than 74,000 customers. We are committed to delivering safe, reliable and affordable electricity to our residential and business customers. In 2020, we delivered strong results in all four scorecard performance categories despite the challenges brought on by the pandemic.

Customer Focus

We delivered support programs and provided flexible payment arrangements to help customers impacted by the pandemic

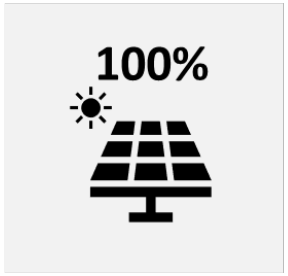
95% of our customers are satisfied with our service



Operational Efficiency

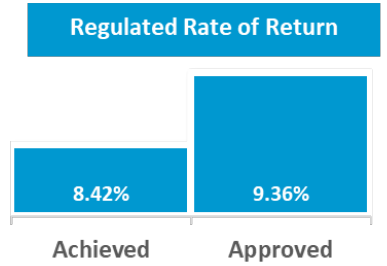
Delivering reliable electricity at a reasonable cost

On average, our customers were without power for just 0.61 hours or 37 minutes in 2020 while our operating costs remained stable



Public Policy

We met the OEB's requirements to conduct connection impact assessments for generation facilities over 10 MW and connect generation facilities under 10 MW 100% of the time



Financial Performance

We strive to provide service excellence at a reasonable cost

Our regulated rate of return was below our approved regulated rate of return despite the challenges associated with the pandemic

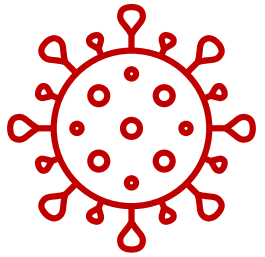
For more information about the scorecard, please visit the Ontario Energy Board's website to access "Scorecard - Performance Measure Descriptions". This document provides the technical definition, plain language description and how the measure may be compared for each of the Scorecard's measures in the 2020 Scorecard MD&A:
http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

1. Customer Focus

The year 2020 brought challenges for both Oakville Hydro and our customers. In our 2020 Customer Satisfaction Survey, we asked our customers for feedback on how we were handling the pandemic crisis and about our ability to continue operations during this unprecedented time. At the time of the survey, 96% of our customers were confident that we could continue to deliver electricity safely and efficiently throughout the pandemic.

Our customers also told us that it was important that Oakville Hydro be a primary source of information for hydro relief programs offered by the Ontario Government. Oakville Hydro's Customer Care goal throughout the pandemic was, and continues to be, to balance supporting customers with the needs of the business. In 2020 we supported our customers through the following initiatives:

- Proactive communications targeting pandemic-related support:
    - The deferral of global adjustment costs for commercial and industrial customers
    - Support programs and flexible payment arrangements to customers in arrears
    - Residential and small business COVID-19 Energy Assistance Program (CEAP)
- Personal outreach program to communicate with key commercial and industrial accounts
- Developed customized arrears amortization solutions for each customer class
- Avoided planned outages during working business hours to minimize disruption.



We were able to deliver these critical programs to our customers while maintaining our service excellence goals.

Our Customer Service Vision
'Leading the way in creating superior customer experiences in Ontario'

1.1 Service Quality Measures

The Ontario Energy Board (OEB) has set industry targets in the areas of Service Quality and Customer Satisfaction that measure whether our services are provided in a manner that responds to customer identified preferences. Oakville Hydro's performance against each of those targets is discussed in this section.

1.1.1 New Residential/Small Business Services Connected on Time

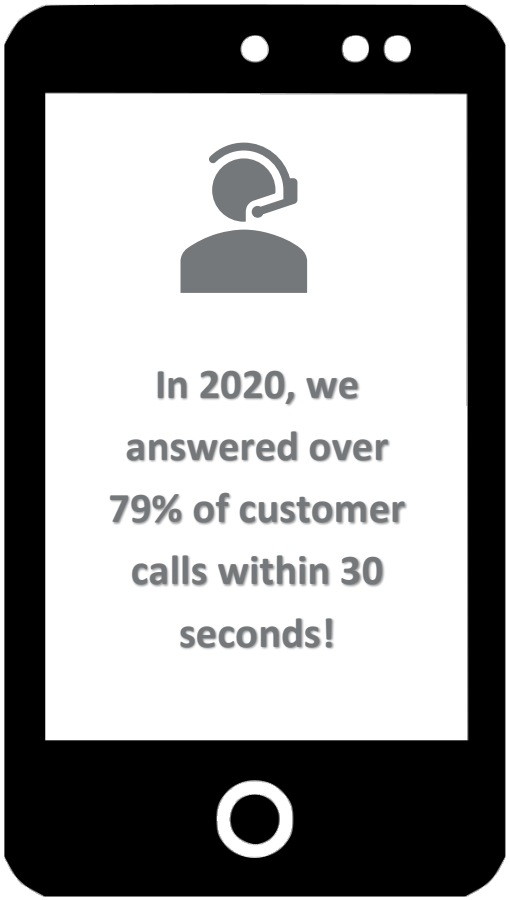
In 2020, the Town of Oakville experienced continued customer growth. Our field staff connected approximately 1,130 new services for residential and small business customers under 750 volts. We are required to complete these connections within the five-day timeline prescribed by the OEB, 90% of the time. Due to the challenges in accessing properties during the pandemic, we were only able to connect 83% of our new customers within the five-day timeframe required by the OEB.

1.1.2 Scheduled Appointments Met On Time

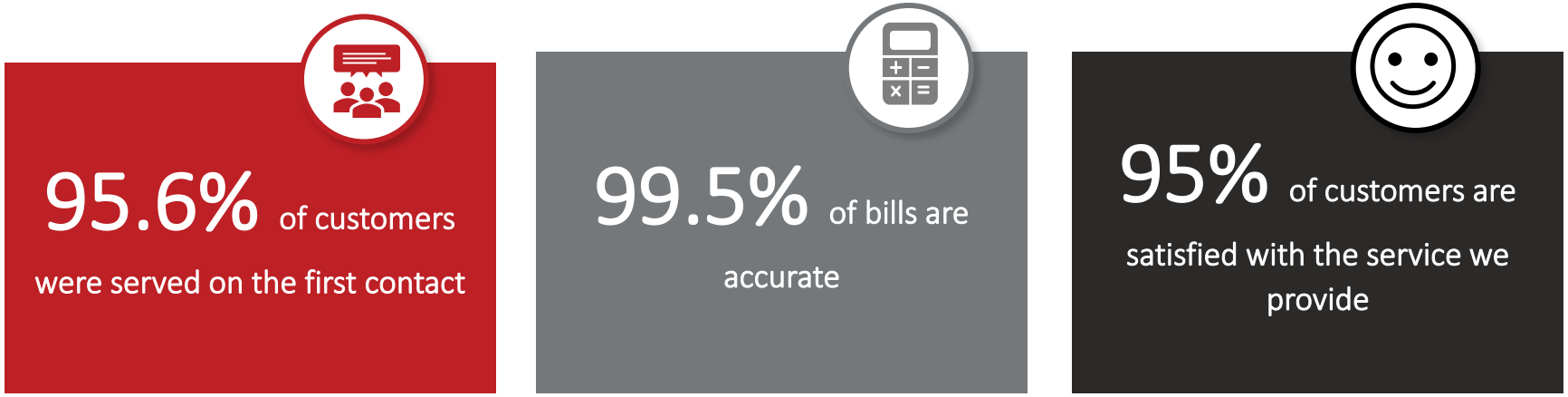
In 2020, we scheduled approximately 226 appointments with our customers to complete requested work, read meters or reconnect services. For the five-year period from 2016 through 2020, we have consistently met 100% of our scheduled appointments, a significant accomplishment. Our customers are important to us and we are committed to being on time, every time.

1.1.3 Telephone Calls Answered On Time

In 2020, we answered over 45,000 calls from our customers – that equates to about 200 calls per day. Our customers are important to us and we strive to provide them with personalized interaction with our customer care staff when they need us. In 2020, we answered more than 79% of the calls within 30 seconds. That is well above the OEB's requirement to answer 65% of the calls that it receives within 30 seconds. For the period 2016 through 2020, we have consistently provided a higher quality of service than the industry target.



1.2 Customer Satisfaction Measures



1.2.1 First Contact Resolution

We strive to resolve customer inquiries during the initial contact. If there is a need to call a customer back or to escalate the question or complaint, the event is logged. The measure for First Contact Resolution is calculated as the number of customer contacts not resolved with the first contact, divided by the total number of customer contacts. In 2020, we served 95.6% of customers on the first contact.

1.2.2 Billing Accuracy

We know that providing our customers with accurate and timely bills is essential. Since we started tracking our billing accuracy in 2014, we have consistently achieved a score of over 99% accuracy. In 2020, we introduced rigorous quality control processes to ensure that our customers are billed accurately the first time.

1.2.3 Customer Satisfaction Survey Results

Our Customer Satisfaction Survey provides us with valuable feedback to support future customer education programs and identify areas where there is room to improve our level of customer engagement, communication and service. Through the survey, our customers told us that we are highly trusted, provide an excellent quality of service and deliver on our service commitments.

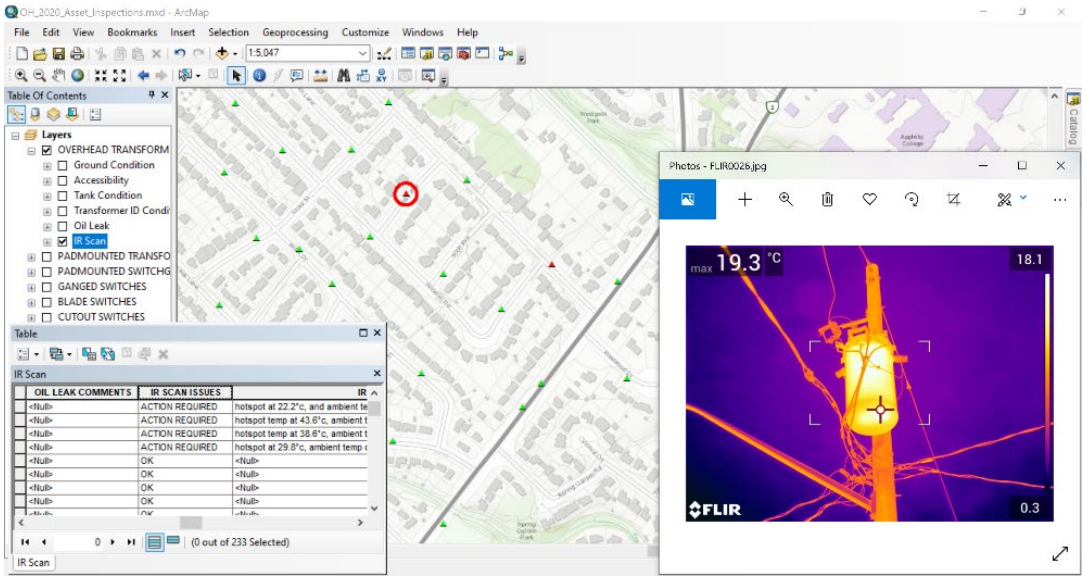
In our 2020 Scorecard, we reported on the number of customers that were "very or fairly satisfied with Oakville Hydro". Our customers gave us a score of 95% on this measure compared with an average score of 94% nationally and 93% provincially. Our attention to customer service has enabled us to achieve a higher score than the average of our peers in Ontario and across Canada.

2. Operational Effectiveness Measures

Electricity is an essential service – our customers expect that electricity supply will be there when they need it 24 hours a day, 365 days per year. We are committed to leveraging new technologies and demonstrating a commitment to a brighter future for everyone that depends on a ***safe***, ***reliable*** and ***efficient*** electricity supply. The operational effectiveness measure demonstrates our success in delivering safe and reliable electricity to the residences and businesses across Oakville at a reasonable price.

In 2020, Oakville Hydro launched its Spatially Enabling Asset Management Insights (SEAM) initiative to help to lower costs for customers through operational efficiency and sustainability, improve reliability in the electrical system, enable the operations team to be more effective and minimize outage times.

Oakville Hydro's key innovative solution was to implement and operationalize integrated geospatial data solutions to leverage business intelligence insights. This fusion of technology allows the asset management team to have a near real-time overview of the distribution assets, which mitigates the use of hardcopy records, time-consuming static report development and other challenges associated with manually managing data to prioritize asset maintenance and replacements.



SEAM was developed to drive operational efficiency and improve reliability

The OEB has established distributor specific targets that measure our ability to achieve continuous improvement in productivity and cost performance while delivering on system reliability and service quality objectives. Those measures include public safety, system reliability, asset management and cost control, each of which is discussed in the following section.

2.1 PUBLIC SAFETY

2.1.1 PUBLIC AWARENESS OF ELECTRICAL SAFETY

We have been active in raising awareness of powerline safety hazards in the Town of Oakville. Through various media, we communicate to residents with public electrical safety messages.

We conduct a public safety awareness survey every two years to measure the level of awareness in Oakville. In 2019, approximately 400 people, over the age of 18, were asked six safety related questions that correspond to the most frequent incidents involving electrical equipment. Our residents achieved a score of 82%.

Visit our YouTube channel for more information about how you can protect you and your loved ones from injury.
https://www.youtube.com/channel/UCLV60O4HmueHAxBRFDTRO9g

2.1.2 COMPLIANCE WITH ONTARIO REGULATION 22/04

Ontario Regulation 22/04 - Electrical Distribution Safety, establishes electrical safety requirements for the design, construction, and maintenance of electrical our distribution system. The regulation requires the approval of equipment, plans and specifications, as well as the inspection of electrical equipment before it is put into service. Each year, we engage an independent auditor to conduct an audit of our compliance with the regulation.

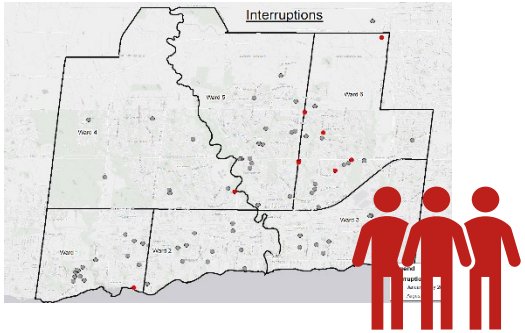
We are committed to ensuring that our distribution system is safe and that it complies with all electrical safety requirements. In 2020, we received a “Compliant” rating for the fifth consecutive year.

2.1.3 Serious Electrical Incident Index

The Serious Electrical Incident Index measures the number and rate of serious electrical incidents involving the public and occurring on our distribution assets. Our first priority is safety. In 2020, there were no serious electrical incidents in Oakville Hydro's service area.

2.2 System Reliability

In 2020, we launched an internal Reliability Task Force (RTF); a multi-departmental collaborative group focused on exploring existing and new initiatives that will help improve customer reliability. The RTF relies on subject matter experts, business intelligence, and spatial intelligence to make improvements to our distribution system and internal processes. Early initiatives include using advanced analytics, including reliability, inspection, and cost benefit data, to improve Oakville Hydro's grid intelligence and asset replacement programs.



2.2.1 System Average Interruption Duration Index (SAIDI)

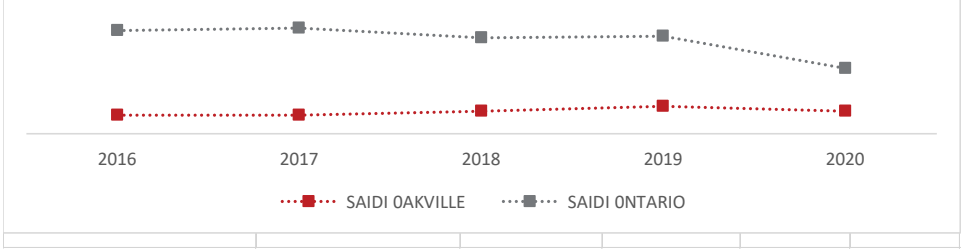
2.2.2 Average Number of Hours That Power Is Interrupted

In 2020, our customers were without power for an average of 0.61 hours or 37 minutes. The number of hours that an average customer was without power in Oakville was significantly lower than that of the average customer in Ontario who were, on average, without power for more than two hours.

We have consistently performed better than the provincial average throughout the five-year period covered by the scorecard. Much of this success can be attributed to our ability to restore power remotely and quickly through our intelligent grid.

System Reliability Indicators | SAIDI

Year	2016	2017	2018	2019	2020
SAIDI 0AKVILLE	0.50	0.50	0.62	**0.74**	**0.61**
SAIDI 0NTARIO	2.79	2.85	2.59	2.64	**2.72**



2.2.2 System Average Interruption Frequency Index (SAIFI)

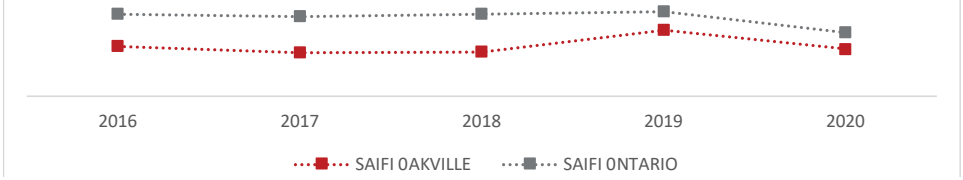
Average Number of Times that Power to a Customer is Interrupted

In 2020, our customers experienced, on average, 0.85 power interruptions. The average customer in Ontario experienced 1.56 power interruptions – almost double that of an Oakville residence or business.

We have consistently performed better than provincial average throughout the five-year period covered by the scorecard. Our ability to keep the lights on is a clear indicator of the effectiveness of our asset management planning.

System Reliability Indicators | SAIFI

Year	2016	2017	2018	2019	2020
SAIFI 0AKVILLE	0.50	0.50	0.62	**0.74**	**0.85**
SAIFI 0NTARIO	1.48	1.44	1.48	**1.52**	**1.56**



2.3 Asset Management

Distribution System Plan Implementation Progress

The distribution system is capital-intensive; it is an ever-changing and evolving scheme. It is critical that Oakville Hydro make prudent capital investments and have effective maintenance plans to ensure a sustainable and safe distribution system. Oakville Hydro's DSP reflects an integrated approach to planning, selecting, prioritizing and managing assets. It includes regional planning, renewable generation connections, impacts of climate change, grid modernization, conservation and demand management and smart grid considerations.

In 2020, we upgraded our distribution system with new gas-insulated switchgear that can be controlled automatically from our control room. Unlike the air insulated switchgear that is being replaced, the gas insulated switchgear have a sealed tank compartment to protect them from adverse weather conditions and make them last longer. We also launched a pilot project with S & C Electric using the "IntelliTeam" technology. Three switches on our system were replaced with fully automated switches that communicate with each other and auto-restore service. In 2020, Oakville Hydro prioritized its capital investments to stay "On Target" with its distribution system plan.

To learn about how we are investing in our renewing and expanding our infrastructure, visit our website at Oakvillehydro.com/my-home/grid-investment/grid-investment-asset-mgmt.html

2.4 Cost Control

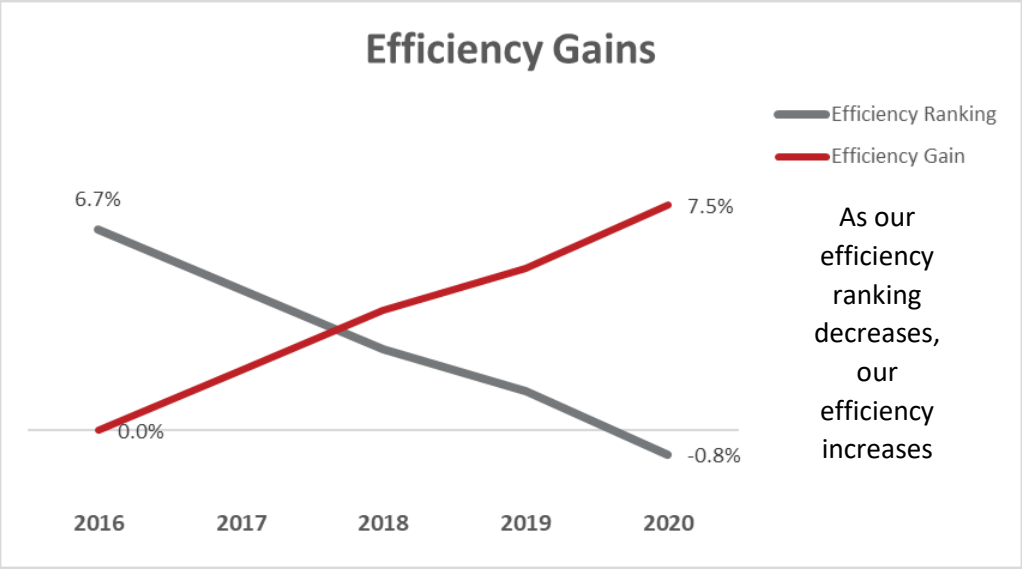
A total cost benchmarking evaluation is used to assess the efficiency of Ontario's electricity distributors. The model is used to calculate an electricity distributor's total operating and capital costs and compare those costs to the costs predicted by the model, based on business conditions in each electricity distributor's service area. These business conditions include the number of customers, kilometres of line, peak demand and the price of inputs such as labour and capital.

Actual costs are then compared to those predicted by the model to assess an electricity distributor's efficiency. The total cost per customer and per kilometre of line allows for further benchmarking between electricity distributors. Our performance under each of these measures is discussed in the following section.

2.4.1 Efficiency Assessment

Electricity distributors are assigned to one of five efficiency groups based upon the comparison of their actual costs to their predicted costs. Electricity distributors whose actual costs are close to or lower than their predicted costs are considered more efficient. In Ontario, the majority of electricity distributors are in group 3, with actual costs within 10 % of their predicted costs.

Since 2016, Oakville Hydro has improved its performance within group 3 and, in 2020, our costs were 0.8% **lower** than our predicted costs.



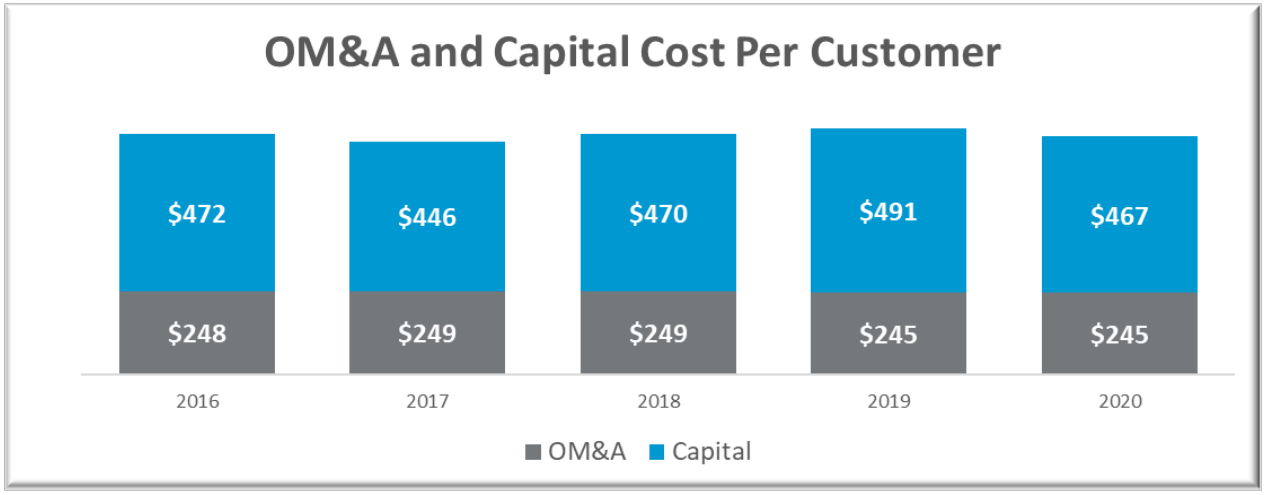
2.4.2 TOTAL COST PER CUSTOMER

The total cost per customer is calculated as the sum of our capital and operating costs divided by the total number of metered customers that we serve. In 2020, our Operating, Maintenance and Administration (OM&A) costs per customer was $245 and our capital cost per customer was $467 for a total cost of $712 per customer, a decrease of 3.3% as compared to 2019.

Like other electricity distributors in the province, we have experienced cost pressures associated with the delivery of reliable services to our customers. Inflationary pressures, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased costs.

Despite these pressures, our OM&A and capital cost per customer has remained relatively stable over the five-year period covered by the scorecard. We have been able to achieve this through the successful implementation of innovative solutions and efficiency initiatives.

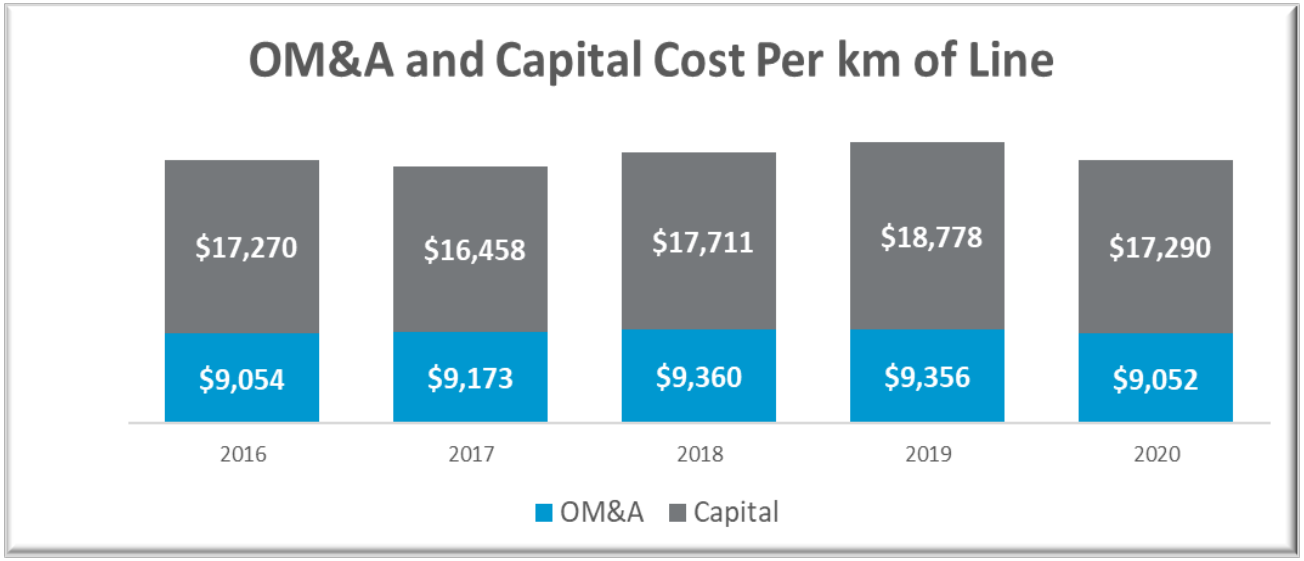
Our total cost per customer decreased by 3.3% in 2020!



2.4.3 TOTAL COST PER KM OF LINE

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometres of distribution lines that we maintain and operate to serve our customers. In 2020, our OM&A cost per kilometre of line was $9,052 and our capital cost was $17,290 for a total cost per kilometre of line of $26,342, a decrease of 6.6% as compared to 2019.

Our total cost per kilometre of line decreased by 6.6% in 2020!



3. Public Policy & Responsiveness

The Ontario Energy Board (OEB) regulates Oakville Hydro. The OEB's objectives include requirements to promote electricity conservation and demand management and to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario.

The Public Policy and Responsiveness measures assess our success in responding to requests for the connection of renewable energy to our distribution system. For the five-year period 2016 to 2020, the OEB has required that electricity distributors report their performance in providing connection impact assessments for large generation facilities and connection standards for smaller generation facilities.

3.1 Connection of Renewable Generation

Renewable energy, also referred to as clean or alternative energy, is electricity produced from renewable sources with a lower impact on the environment and our health. This includes power generated by wind, geothermal, solar, biomass and low-impact hydroelectric sources that produce little or no noxious emissions. Alternative energy is used to replace non-renewable sources of energy production such as coal, nuclear and natural gas.

As of December 31, 2020, there were 111 solar energy installations in the Town of Oakville.

The Town of Oakville's new state-of-the-art Oakville Trafalgar Community Centre opened its doors on September 19, 2020. The energy efficient building also includes rooftop solar panels, geo-thermal heating and cooling, and multiple vehicle charging stations.

3.1.1 Renewable Generation Connection Impact Assessments Completed on Time

As an electricity distributor, we are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2020, Oakville Hydro completed one CIA and it was completed within the prescribed timeframe.

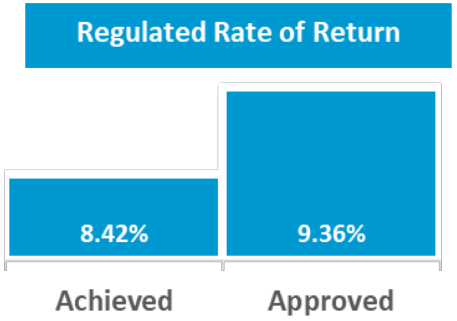
3.1.2 New Micro-embedded Generation Facilities Connected on Time

In 2020, Oakville Hydro connected 10 micro-embedded generation facilities. All 10 were connected on time.

4. Financial Performance

Since 2014, we have consistently performed within the OEB's range of +/- 3% of the deemed regulated rate of return of 9.36% that was established in our cost of service application. This means that we have achieved our financial objectives within the OEB's annual inflationary adjustments to our rates. Our goal is to balance the needs of our growing community and our commitment to provide the value of service that our customers require and expect.

Among the OEB's objectives, is the requirement to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry. The distributor scorecard includes measures of financial health and performance including liquidity, leverage and profitability. Our performance in these categories is discussed in the following section.



Financial Performance

We strive to provide service excellence at a reasonable cost

Our regulated rate of return was slightly below our approved regulated rate of return despite the challenges associated with the pandemic

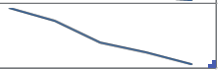
4.1 Financial Ratios

4.1.1 Liquidity: Current Ratio (Current Assets/Current Liabilities)

As an indicator of financial health, a current ratio that is greater than one indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than one are often referred to as being "liquid". The higher the number, the larger the level of assurance that that the company is able to meet its short-term financial obligations. We continue to be in a strong financial position with a current ratio of 1.23 in 2020.

4.1.2 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 when establishing electricity distribution 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 highly leveraged than the deemed capital structure. Since 2016, we have maintained a debt to equity structure of less than 1.5.

Financial Ratios	2016	2017	2018	2019	2020	Trend
Current Ratio	1.48	1.56	1.42	1.25	1.23	
Leverage	1.06	1.02	0.95	0.92	0.88	

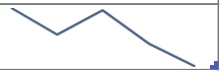
4.1.3 Profitability

Regulatory Return on Equity – Deemed (included in rates)

In 2014, the OEB approved our current deemed regulatory return on equity of 9.36% through a cost of service application process. The OEB permits distributors to earn within +/- 3% of the deemed return on equity. When a distributor performs outside of this range, the OEB may initiate a regulatory review of the distributor's revenue and cost structure.

Regulatory Return on Equity – Achieved

In 2020, we earned a regulatory return on equity of 8.42%, which is well within the OEB's range of +/- 3% of the deemed rate of 9.36%. We strive to control our costs, as a result, we were able to achieve a regulated rate of return just slightly below the deemed rate despite the challenges associated with the pandemic. We are well positioned to meet the needs of our growing community and continue to provide the quality service that our customers expect.

Regulated Rate of Return	2016	2017	2018	2019	2020	Trend
Deemed ROE	9.36%	9.36%	9.36%	9.36%	9.36%	
Actual ROE	10.71%	9.69%	10.65%	9.31%	8.42%	

NOTE TO READERS OF 2020 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.