

Scorecard - Rideau St. Lawrence Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	91.40%	100.00%	100.00%	97.78%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	98.80%	99.30%	94.50%	95.77%	100.00%	↓	90.00%		
		Telephone Calls Answered On Time	98.50%	92.00%	74.20%	72.87%	76.76%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	99%	99%	98.8%	99.7%	99.7%				
		Billing Accuracy	99.58%	99.55%	99.70%	99.69%	93.01%	↔	98.00%		
		Customer Satisfaction Survey Results	A	A	B	B	B				
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness		84.00%	84.00%	83.00%	83.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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 <sup>2</sup>	0.30	1.17	1.01	0.45	0.45	↑		0.31	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.14	0.30	0.38	0.29	0.26	↑		0.13	
	Asset Management	Distribution System Plan Implementation Progress	78%	83%	83%	56%	74%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$508	\$548	\$543	\$570	\$570				
		Total Cost per Km of Line <sup>3</sup>	\$28,348	\$30,559	\$29,810	\$31,369	\$31,459				
<b>Public Policy Responsiveness</b> Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>		26.97%	40.25%	58.68%	99.00%			5.02 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time	100.00%							90.00%	
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.09	0.98	1.03	0.82	0.85				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.52	0.45	0.44	0.46	0.41				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	9.12%	9.12%	8.78%			
			Achieved	6.76%	4.01%	1.03%	1.18%	5.11%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
 2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. 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. The CDM measure is based on the 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

**Legend:**

5-year trend  
 ↑ up   ↓ down   ↔ flat

Current year  
 ● target met   ● target not met

## Scorecard MD&A - General Overview

In 2018, Rideau St. Lawrence Distribution (RSL) met or exceeded all but one of industry set performance targets. Aging distribution infrastructure continues to be the primary challenge facing utilities today. Like most utilities in Ontario, Rideau St. Lawrence Distribution must replace aging infrastructure at an accelerated pace in order to meet this challenge. Distribution system maintenance, including tree trimming activities, is critical to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather. In 2018, we achieved positive system reliability results, as well as unchanged or better results in 17 out of 19 measurements.

Further to the above, Rideau St. Lawrence Distribution continues to focus on you, the customer. Rideau St. Lawrence Distribution makes every effort to engage our customers on a regular basis to ensure we are aware of your needs and that you are receiving value for your money. Rideau St. Lawrence Distribution remains committed to providing its customers with safe, reliable service at a reasonable cost.

In 2019, Rideau St. Lawrence Distribution will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

### Service Quality

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

The Ontario Energy Board's ("OEB") Distribution System Code ("DSC") requires electricity distributors to complete a connection for new service under 750 volts within five days after all applicable service conditions are satisfied. This service quality standard must be met at least 90% of the time on an annual basis. RSL considers "New Services Connected on Time" as an important form of customer engagement as it is the utility's first opportunity to meet and/or exceed its customer's expectations, which in turn affects the level of customer satisfaction within a utility's territory.

In 2018, Rideau St. Lawrence Distribution connected 100% of 77 eligible low-voltage residential and small business customers to its system within the five-day timeline. This is considered to be a normal result for RSL. We expect to report results that are consistent with previous years in the future.

- **Scheduled Appointments Met On Time**

The OEB's DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Rideau St. Lawrence Distribution considers "Scheduled Appointments Met" as an important form of customer engagement as customer presence is required for all types of appointments. RSL met 100% of 197 scheduled appointments requiring the presence of a customer / customer representative in 2018. We expect to report similar results in 2019.

- **Telephone Calls Answered On Time**

The OEB's DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls and is driven by factors such as billing inquiries, customer moves, and news about the electricity market in the media, conservation and demand management programs and power outages.

Rideau St. Lawrence Distribution considers "Telephone Calls Answered On Time" to be an important communication tool for identifying and responding to its customers' needs and preferences. In 2018, Rideau St. Lawrence Distribution received over 8,200 calls from its customers (over 33 calls per day). As expected, we showed an improvement with this metric as a result of efforts to optimize our phone system. Our customer service representatives answered 76.76% of these calls in 30 seconds or less. Our results exceed the Ontario Energy Board mandated target of 65% for this measure. We expect to report a similar result for 2019.

## Customer Satisfaction

- **First Contact Resolution**

The OEB does not provide a specific metric for First Contact Resolution ("FCR"), which is a customer query resolved in a single contact, thereby eliminating the need for the customer to follow up with a second contact. The OEB instructed all electricity distributors to review and develop a number of customer satisfaction measurements for reporting starting in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this item in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

Rideau St. Lawrence Distribution defines "First Contact Resolution" as the number of customer enquires that are resolved by the first contact at the utility. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person. Rideau St. Lawrence Distribution considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction. In 2018 Rideau St. Lawrence Distribution received 2,007 enquiries from its customers, of which 99.7% (2,000 enquiries) were successfully resolved during first contact, which is consistent with our 2017 result. Rideau St. Lawrence Distribution expects this trend to continue for 2019.

- **Billing Accuracy**

Billing Accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Rideau St. Lawrence Distribution considers timely and accurate billing to be an essential component of customer satisfaction. In 2018, there was a billing error that affected all Residential customers for one month. The impact on customers was small (cents per customer), and was corrected in the following month. This error reduced our billing accuracy to 93.01%, below the Ontario Energy Board mandated target of 98%. Rideau St. Lawrence Distribution expects to achieve the mandated target in 2019.

- **Customer Satisfaction Survey Results**

Rideau St. Lawrence Distribution engaged a third-party organization to conduct a customer satisfaction survey in 2019 to receive customer feedback on our performance. The statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. Rideau St. Lawrence Distribution considers this customer satisfaction survey to be a useful

tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services, and for identifying areas that may require improvement. Rideau St. Lawrence Distribution received a rating of “B” on its customer satisfaction survey. The result is valid for 2018 and 2019.

## Safety

- **Public Safety**

The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

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

Component A consists of a statistical survey that gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment found in a utility’s territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. Rideau St. Lawrence Distribution conducted a survey in 2018 which showed 83% for the level of public awareness. RSL is required to report on this measure on a biennial basis (every second year). The next survey will be conducted in 2020.

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

Component B consists of a utility’s compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Consistent with historical years, Rideau St. Lawrence Distribution was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) in 2018. This was achieved by our strong commitment to safety, and the adherence to company procedures & policies.

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

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility’s territory per 1,000 kms of line. Section 12 of Ontario Regulation 22/04 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 a fire or explosion caused by lightning strike.

In 2018, Rideau St. Lawrence Distribution had zero fatalities and zero serious incidents within its territory.

## System Reliability

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

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. Rideau St. Lawrence Distribution also regularly maintains its distribution system to ensure its level of reliability. The OEB requires a utility to keep its hours of interruption within the range of its historical performance; however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

In 2018, Rideau St. Lawrence Distribution experienced 0.45 average hours of interrupted power per customer, unchanged from 2017. This result is considered to be normal for the utility and it is in its historical range. RSL expects to report a similar result for 2019.

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

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for Rideau St. Lawrence Distribution. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. RSL also regularly maintains its distribution system to ensure its level of reliability.

The OEB requires a utility to keep this measure within the range of its historical performance; however, outside factors can greatly impact this measure. The measure for 2018 is 0.26 times per customer. This result is in the normal range with a slight improvement from 2017 due to fewer planned outages in 2018. RSL expects a similar result for 2019.

## Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (“DSP”) Implementation Progress measure was initiated by the OEB in 2013. The Distribution System Plan Implementation Progress measure is intended to assess a utility’s effectiveness at planning and implementing its capital expenditures. The OEB does not require all distributors to use the same approach to measure DSP Implementation progress. Until the OEB establishes a definition for this measure, utilities may define the measure in the manner that best fits their situation. However, the OEB requires that a distributor report on this metric to indicate whether its work continues to be “on track” relative to its DSP.

In 2016, Rideau St. Lawrence Distribution filed a Distribution System Plan as part of its 2016 Cost of Service rate application. The DSP outlines the utility’s forecasted capital expenditures over the next five years, which are required to maintain and expand the utility’s electricity system to serve its current and future customers. The DSP details Rideau St. Lawrence Distribution’s prioritization process, tools and methods which ultimately direct the utility’s capital expenditure planning process.

Starting in 2017, Rideau St. Lawrence Distribution tracked actual cumulative capital expenditures against the total five year expenditures in the Distribution System Plan, expressed as a percentage. RSL has accomplished 74% of the 5-year plan by the end of 2018, the third year of the plan. A comparison of

actual and planned expenditures on an individual project basis was used for 2016 when we did not have an approved DSP. RSL expects to complete capital projects planned for 2019, increasing the percentage accomplished of the total 5-year plan.

## Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. The model used to rank cost efficiency performance is based on econometrics. Distributor cost is estimated as a function of business conditions faced by distributor. These business conditions include the number of customers served and the price of inputs such as labour and capital. The parameters of this model establish the relationship between each business condition and distributor cost.

The model can make a prediction of each distributor's cost given its business conditions. The distributor's actual cost is compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance.

To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. In 2018, our actual costs were 9.4% below the predicted costs and RSL was placed in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs. RSL has maintained its placement in Group 3 since 2013. Although Rideau St. Lawrence Distribution's forward looking goal is to advance to a "more efficient" group, management's expectation is that its efficiency performance will not decline in the foreseeable future.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Rideau St. Lawrence Distribution's capital and operating costs and dividing this cost figure by the total number of customers that Rideau St. Lawrence Distribution serves.

The total cost result for 2018 is \$570 per customer, unchanged from 2017. RSL experienced an increase of 16 customers in its service territory. Overall capital and operating costs were slightly higher in 2018. Rideau St. Lawrence Distribution will continue to seek out productivity and efficiency improvements.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. Based on this, Rideau St. Lawrence Distribution's rate is \$31,459 per km of line, a small increase of \$90 over 2017 as a result of a very small increase in total cost and unchanged km of line. As mentioned in Total Cost per Customer, Rideau St. Lawrence Distribution's growth rate for its territory is considered to be relatively low. The cost per km of line is expected to increase as capital replacement and operating costs also increase. As we progress into the future, Rideau St. Lawrence Distribution will

continue to seek out innovative solutions to help ensure cost/km of line remains within acceptable limits to our customers.

## Conservation & Demand Management

- **Net Cumulative Energy Savings (Percent of target achieved)**

A new target of energy consumption reductions and a CDM framework for the period 2015 – 2020 was approved for Rideau St. Lawrence Distribution by the IESO. As of the end of 2018, Rideau St. Lawrence Distribution achieved 99% of the new target of 5.02 GWh. This was achieved by leveraging the suite of approved Conservation and Demand Management Programs primarily designed for the residential and commercial classes of customers.

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority.

In 2018, no CIA's were required. Rideau St. Lawrence Distribution was unable to connect additional renewable generation projects, due to restraints imposed by Hydro One.

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. In 2018, Rideau St. Lawrence Distribution connected no new micro-embedded generation facilities within its territory. Rideau St. Lawrence Distribution's process for Micro-embedded Generation facilities is well documented and Rideau St. Lawrence Distribution will continue to work closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

## Financial Ratios

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

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If

the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Rideau St. Lawrence Distribution's current ratio improved to 0.85 in 2018 from 0.82 due to debt reduction. RSL expects a similar current ratio for 2019.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2018, Rideau St. Lawrence Distribution's debt to equity ratio was 0.41, reflecting a reduction in debt. Historically RSL's Total Debt to Equity Ratio has been below the ratio expected by the Ontario Energy Board. Rideau St. Lawrence Distribution believes that a low risk/low debt approach is appropriate for a utility of our size. Rideau St. Lawrence Distribution expects its debt to equity ratio to remain consistent in the foreseeable future.

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. Rideau St. Lawrence Distribution's current distribution rates were approved by the OEB in 2017 and include an expected (deemed) regulatory return on equity of 8.78%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

Rideau St. Lawrence Distribution achieved a ROE of 5.11% in 2018, which is an improvement over 2017, but still below the prescribed range (see above paragraph). RSL will continue to report lower than desired ROE until rates are reviewed by the OEB in 2021.

## Note to Readers of 2018 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.