

Scorecard - Hydro One Networks Inc.

Performance Outcomes	Performance Categories	Measures	2017	2018	2019	2020	2021	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	98.08%	99.33%	99.78%	99.76%	99.98%		90.00%		
		Scheduled Appointments Met On Time	98.99%	99.95%	100.00%	99.98%	100.00%		90.00%		
		Telephone Calls Answered On Time	82.30%	78.62%	77.05%	71.27%	70.41%		65.00%		
	Customer Satisfaction	First Contact Resolution	86%	87%	86%	78%	77%				
		Billing Accuracy	99.30%	99.46%	99.43%	99.37%	99.17%		98.00%		
		Customer Satisfaction Survey Results	85.2%	86.2%	84.2%	82.9%	82.4%				
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	81.14%	80.18%	80.18%	78.17%	78.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C			C	
		Serious Electrical Incident Index	Number of General Public Incidents	8	13	19	34	15			11
			Rate per 10, 100, 1000 km of line	0.065	0.105	0.153	0.274	0.120			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	7.74	6.64	6.83	7.05	6.50			7.22	
		Average Number of Times that Power to a Customer is Interrupted ²	2.30	2.20	2.46	2.49	2.36			2.47	
	Asset Management	Distribution System Plan Implementation Progress	101.46%	96.63%	104.55%	98.39%	100.9%				
	Cost Control	Efficiency Assessment	4	4	4	4	4				
		Total Cost per Customer ³	\$970	\$1,017	\$1,044	\$1,018	\$1,033				
		Total Cost per Km of Line ³	\$10,734	\$11,364	\$11,761	\$11,571	\$11,940				
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time ⁴	99.71%	100.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time	99.67%	99.49%	96.43%	97.12%	98.72%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.56	0.51	0.63	0.67	0.64				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.38	1.43	1.60	1.71	1.72				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.79%	9.00%	9.00%	9.00%	9.00%			
			Achieved	7.92%	8.06%	10.85%	10.48%	10.99%			

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

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

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

4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:

5-year trend



up down flat

Current year



target met



target not met

Fiscal 2021 Scorecard Management Discussion and Analysis (“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 2021 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

Hydro One Networks Inc.’s distribution business (referred to as “the Business” or “Hydro One’s Distribution Business”) Fiscal 2021 performance has met or outperformed the Targets noted in the OEB Distribution Scorecard in all areas except for the “Serious Electrical Incident Index” (“Number of General Public Incidents” and “Rate per 10, 100, 1000 kilometers of line”). Note that starting in 2021, many of the Scorecard metrics (with the exception of the Safety Components B and C) are inclusive of the service territories formerly served by Orillia Power Distribution Corporation and Peterborough Distribution Inc.

Service Quality

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

In 2021, Hydro One's Distribution Business processed 18,255 new connection requests for residential and small business low-voltage customers (those with service less than 750 Volts). Of these, 99.98% were completed within five business days (or as otherwise agreed to by the customer and the distributor), better than the industry target of 90% for the ninth consecutive year. The Business's steady improvement over the past five years is attributable mainly to strong customer-focused business processes, improvements in scheduling practices, and focus on achievement of an internal target of 98%.

- **Scheduled Appointments Met On Time**

Hydro One's Distribution Business had 31,322 appointment requests in 2021. The Business recorded a 100% success rate in meeting these commitments, better than the industry target of 90% for the ninth consecutive year. The Business's performance in appointment scheduling has benefited from the same factors that contributed to the ability to connect residential and small business services within five business days. This measure applies to appointments where customer presence is required and also to those where customers do not need to be present. When a customer requests an appointment, the appointment must be scheduled within five business days (or as otherwise agreed to by the customer and the distributor). If customer presence is required, the distributor must commit to, and arrive within a four-hour window for the appointment. If customer presence is not required, the distributor must arrive on the scheduled date.

- **Telephone Calls Answered On Time**

The OEB's Distribution System Code (DSC) requires call centre staff to answer calls within 30 seconds, 65% of the time, whenever the customer reaches an agent either directly or by means of a transfer. In 2021, the Business answered 70.41% of calls within 30 seconds, exceeding the industry target by 5.41%. The Hydro One call centre handled just under 2 million phone calls from customers in 2021. Of this total, almost an equal 50/50 split were handled by our Customer Service Representatives as well as the Business's Interactive Voice Response system.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution (FCR) reports the success of the distributor in resolving a customer's issue during the first contact by the customer. In 2021, 77% of issues were resolved during our first contact which is in line with prior year. Hydro One's Distribution Business measures FCR based on transactional surveys that are performed within five days of interaction with the customer.

- **Billing Accuracy**

This measure includes customers who are eligible to be on time-of-use pricing and excludes any that are not eligible due to network connectivity reach. In 2021, the Business issued 13,851,075 bills and achieved a 99.17% time-of-use billing accuracy, which is better than the industry target by 1.17%. Compared to 2020, the Business issued 284,122 additional bills with consistent billing accuracy year-over-year. The increase in the number of bills issued compared to last year was driven by several factors including, mainly, customer growth.

- **Customer Satisfaction Survey Results (Customer Satisfaction Index Result)**

Customer satisfaction remained high at 82.4% in 2021, which is in line with last year. Hydro One's Distribution Business utilizes an equally weighted composite index consisting of seven components measuring: Customer Satisfaction with Outage Handling, Agent Handled Calls, Forestry Services, New Connections and Upgrades, myAccount CSAT (Customer Satisfaction), Large Distribution Accounts and Distribution Generator Percent of Milestones Met. Hydro One remains committed to delivering high quality service to its customers through a variety of initiatives including: regular coaching and training of all Customer Service Representatives, a customer experience approach in identifying and reducing pain points for our customers and further enhancements to the myAccount portal.

Safety

- **Public Safety**

In April 2015, the Electrical Safety Authority (ESA) made recommendations to the OEB for a scorecard public safety measure that includes three main components: A) Public Awareness of Electrical Safety, B) Compliance with Ontario Regulation 22/04 made under the Electricity Act, 1998, and C) the Serious Electrical Incident Index. Components B and C were reported in previous years and results for Component A were tracked for the first time for fiscal 2015 performance.

- **Component A – Level of Public Awareness (Public Awareness of Electrical Safety)**

The Public Awareness survey is conducted every two years. The 78% reported for 2021 was the result of the 2020 survey. The next survey will be conducted in 2022. Hydro One is committed to communicate with customers and communities regarding such items as the impact and danger of contacting power lines, safe proximity to overhead power lines and the danger of tampering with electrical equipment.

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

Ontario Regulation 22/04 was introduced in early 2004 following recommendations from the ESA to enhance electrical safety for the people of Ontario. The regulation sets the basis for the requirements for the safe operation of the distribution system in Ontario. Distribution companies are required to be audited yearly on the design, construction, and maintenance of distribution systems in accordance with the regulation. An external auditor performs the audit. A final report by the external auditor, along with a signed declaration of compliance to the regulation by an officer of the company for all sections that are not covered by the audit, is provided to the ESA. The performance target for compliance with the regulation is for the distributor to be fully compliant, and is recorded as Compliant (C), Non-Compliant (NC), or Needs Improvement (NI). For 2021, the Business met the performance target and received a Compliant (C) score from the ESA.

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

The Serious Electrical Incident Index was designed to track and help improve public electrical safety on the distribution network over time. A distributor and its contractors and operators are required to report to the ESA, within 48 hours, any serious electrical incident involving members of the general public. A serious electrical incident is defined as any electrical contact or any fire or explosion that caused or has the potential to cause, critical injury or death in any part of the distribution system operating at greater than 750 Volts (except as caused by lightning strikes).

For 2021, Hydro One reported 15 incidents to ESA for the 2020 calendar year. The reporting window is set by the ESA and is the same for all local distribution companies operating in Ontario, and is one year behind the year of the Scorecard. Of these 15 incidents; 12 were motor vehicle accidents, two involved customers who felled a tree into Hydro One's lines, and one was where a third party (not Hydro One associated or related) unsafely piled sand under our lines and a child made contact while on top of the pile of sand. These incidents translated to a rate of 0.120 per 1,000 km of line.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted¹ (SAIDI)**

For 2021, Hydro One's Distribution Business reported an average outage duration of 6.50 hours. This is an improvement from 2020 and remains better than the OEB target of 7.22 hours. The metric represents the average duration of customer interruptions, as the ratio of total customer hours of interruption to the total number of customers served and expressed as the average time in hours over the reporting period.

- **Average Number of Times that Power to a Customer is Interrupted¹ (SAIFI)**

The frequency of customer outages was reported at 2.36 outages per customer in 2021. This is slightly better than the outages experienced per customer in 2020 and the 2021 OEB target of 2.47 outages per customer. This metric represents the average frequency of customer interruptions, as the ratio of total number of customer interruptions to the total number of customers served and expressed as the average number of customer interruptions over the reporting period.

For the above two metrics, force majeure and loss of supply events are excluded in the calculations.

Asset Management

- **Distribution System Plan Implementation Progress**

Established by the OEB in 2013, the Distribution System Plan (DSP) implementation progress is a distributor-defined performance metric. Hydro One Distribution Business's DSP outlines the Business's forecasted capital expenditures over the next five years, required to maintain and expand the electricity system to serve current and future customers. Progress is measured as the ratio of actual total in-service capital expenditures made in a calendar year to the total amount of planned in-service capital expenditures for the same year. For 2021, actual distribution in-service additions were \$732 million compared to a target of \$726 million which is within 1% of the target.

¹ Note: The distributor specific target for Hydro One's Distribution Business is located on the OEB Scorecard and is based on the currently approved Distribution System Plan.

Cost Control

- **Efficiency Assessment**

Cost control metrics are evaluated on behalf of the OEB by an independent party, the Pacific Economics Group LLC (PEG). The PEG study segments electrical distributors into five groups based on actual costs vs. the prediction of costs from PEG's econometric model. Group 1 distributors are considered most efficient, with actual costs 25% or more below predicted costs. Group 5 distributors are considered least efficient, according to the PEG methodology, with actual costs 25% or more above predicted costs. For 2021, Hydro One's Distribution Business was evaluated by PEG and remained in Group 4. Group 4 consists of utilities with actual costs between 10 and up to 25% above predicted costs.

- **Total Cost per Customer**

The Total Cost per Customer is defined as the total Capital and Operations Maintenance & Administration (OM&A) costs, divided by the total number of customers served. This includes certain adjustments prescribed by the PEG methodology. In 2021, the Business's annual Total Cost per Customer equaled \$1,033, an increase of \$15 per customer or +1.5% from 2020. The increase in Total Cost from 2020 was 3.4%. This, combined with the year over year increase of 1.9% in the number of customers, resulted in an increase in the Total Cost per Customer.

- **Total Cost per Kilometre of Line**

The Total Cost per Kilometre of Line is defined as the total Capital and OM&A costs, divided by the total number of kilometres of line operated to serve customers, along with certain PEG prescribed adjustments. In 2021, the Business's Total Cost per Kilometre of Line equaled \$11,940, an increase of \$369 per kilometre or +3.2% from 2020. The increase in Total Cost from 2020 was 3.4%. This, combined with the slight year over year increase of 0.2% in the number of kilometres of line, resulted in an increase in the Total Cost per Kilometre of Line.

Connection of Renewable Generation

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

The Business completed 100% of the Connection Impact Assessments (CIAs) on time (within 60 days from the date the CIA is received as per Section 6.2.12 of the Distribution System Code in 2021). A CIA is used to assess the impact of a new connection on the distribution system and is applicable to facilities that are greater than 10 kW.

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

This metric measures the Business's success in connecting micro-embedded generation facilities (10kW or less) 90% of the time within a five-business day window, or at such later date as agreed to by a micro-embedded generator and the distributor, of the generator informing the distributor that it has satisfied all applicable service conditions and received all necessary approvals, as per sections 6.2.7 and 6.2.7A of the DSC. The Business exceeded the industry target for the ninth consecutive year, achieving a 98.72% on-time rate for connecting new micro-embedded generation facilities.

Financial Ratios

The basis for these financial ratios is Hydro One's Distribution Business Financial Statements for the year ended December 31, 2021, filed with the OEB under the Electricity Recording & Record-Keeping Requirements submission.

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

As at December 31, 2021, the Current Ratio is reported as 0.64, which is lower than the 0.67 reported as at December 31, 2020. The result indicates that for every dollar of debt due within the year, the Business had \$0.64 in cash or cash equivalents on-hand to cover the obligations. The decrease in 2021 liquidity relative to prior year is primarily attributable to an increase in the inter-company demand facility payable, partially offset by an increase in other current assets and accounts receivables.

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

The Total Debt-to-Equity Ratio is a measure of the Business's financial leverage and serves to identify the ability to finance assets and fulfill obligations to creditors. The OEB-deemed capital structure is 1.5. As at December 31, 2021, the Business's Total Debt-to-Equity Ratio was 1.71, which is in line with the ratio as at December 31, 2020.

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

Hydro One's Distribution Business deemed regulatory return on equity (ROE) for 2021 is 9.00%, as approved by the OEB.

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

For the year 2021, the Business achieved a regulatory return on equity of 10.99%, compared to 10.48% in 2020. This represents an increase

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of 0.51% compared to 2020.

The 2021 ROE was 1.99% higher than the deemed ROE of 9.00%. Achieved ROE was higher than deemed in 2021 primarily due to higher actual loads than anticipated which resulted in increased revenues, and lower removal costs. After application of the OEB approved earnings sharing mechanism, the Business will share \$24.5 million with ratepayers which reduced the 2021 Achieved ROE from 10.99% to 10.47%.

Note to Readers of Fiscal 2021 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.

Words such as “expect,” “anticipate,” “intend,” “attempt,” “may,” “plan,” “will”, “can”, “believe,” “seek,” “estimate,” and variations of such words and similar expressions are intended to identify such forward-looking statements and information. Such statements include, but are not limited to, references to customer service and related initiatives, expected timing of Public Awareness surveys, Hydro One’s commitment to communicate with customers and communities regarding electrical safety, earnings shared with ratepayers, and industry and internal targets. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Some of the factors that could cause such differences include the scope and duration of the COVID-19 pandemic and related developments including government and the company’s response and mitigation measures, legislative or regulatory developments, government policy and program developments, an unexpected increase in call centre volumes, 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. We do not intend, and we disclaim any obligation to update any forward-looking statements, except as required by law.