

Scorecard - Kingston Hydro Corporation

8/30/2023

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	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	98.68%	99.73%	99.52%	99.59%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	60.78%	64.63%	64.65%	77.43%	75.06%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution	98.96%	99.18%	99.06%	98.68%	98.04%				
		Billing Accuracy	99.71%	92.04%	99.57%	95.81%	99.74%	⬆	98.00%		
		Customer Satisfaction Survey Results	'A'	'A'	'A'	"A"	"A"				
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%	79.00%	82.00%	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	0	0	➡		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	➡		0.042
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.50	0.88	1.57	1.41	1.12	⬇		1.33	
		Average Number of Times that Power to a Customer is Interrupted ²	1.00	0.73	0.87	2.10	0.55	⬆		0.85	
	Asset Management	Distribution System Plan Implementation Progress	On track	Trending Up	On track	On track	On track				
	Cost Control	Efficiency Assessment	3	3	3	3	2				
		Total Cost per Customer ³	\$583	\$574	\$562	\$543	\$614				
		Total Cost per Km of Line ³	\$48,238	\$47,559	\$46,486	\$45,552	\$24,873				
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									
		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)	1.57	1.47	1.69	1.69	1.73				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.10	1.11	1.12	1.10	1.05				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	7.48%	9.50%	7.25%	8.39%	6.76%			

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

2022 Scorecard Management Discussion and Analysis (“2022 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 2022 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

Scorecard MD&A - General Overview

Kingston Hydro presents its scorecard for the year 2022. The scorecard measures how well Ontario's electricity distributors are performing each year, with respect to customer focus, operational effectiveness, public policy responsiveness, and financial performance.

Kingston Hydro contracts with an affiliate company, Utilities Kingston, to manage, operate, and maintain the assets of Kingston Hydro. Utilities Kingston also manages the municipal water, wastewater, and gas utilities. This unique multi-utility model is a major contributor to Kingston Hydro’s strengths in customer service, safety, and financial and operating efficiency.

With strong results in customer focus, operational effectiveness, and financial performance, Kingston Hydro continued to perform strongly in 2022 against the performance targets for the measures set out by the Ontario Energy Board (OEB). The utility met all the targets set out by the Ontario Energy Board in this scorecard.

For the second year, Kingston Hydro exceeded the industry target for telephone calls answered on time, proving the effectiveness of operational improvements implemented in 2020. Customer focus continues to be a priority for Kingston Hydro. In 2022, we identified key organizational changes to help meet our strategic priorities, including creating a new customer care branch in our organization.

Recognized in the industry for our safety leadership, health and safety continues to be an important focus for our organization. Our health and safety management system reduces accidents and injuries, ensures safe work environments, educates the public about electrical safety, and promotes a culture of safety. Kingston Hydro performed well against the targets under the Safety category. Demonstrating our commitment to health and safety, in 2022 Utilities Kingston doubled staffing of the health and safety department from one full-time employee to two.

In 2022, Utilities Kingston continued to manage long-term impacts of the COVID-19 pandemic, with the primary goal of keeping employees

and customers safe. The ongoing impacts of the COVID-19 pandemic were evident as we managed supply chain issues. Meanwhile, coming out of the pandemic, Kingston is one of Ontario's fastest-growing municipalities. Kingston Hydro's system investments help ensure the growth and development of the city, while modernizing equipment to meet the challenges provided by climate change and increase the efficiency of operations. Impacts of both supply chain issues and opportunities in local economic development are evident in the Operational Effectiveness performance categories of this scorecard.

System reliability is also a key focus for Kingston Hydro. We track all electricity outages and strive to reduce the length of time that they affect customers. In 2022, we exceeded our System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) targets in the Safety performance category.

Our hydro operations and operations centre team responded to a major winter storm during Christmas 2022. Our team ensured employee and public safety in the safe and reliable restoration of power, working around the clock over multiple days. At the height of the storm, crews restored power to over 10,000 customers in Central Kingston, Barriefield Village and CFB Kingston. These outages were due to downed trees and wires, high winds, and damage to pole line equipment.

In terms of cost control, we manage costs to ensure our customers receive value for the cost of the service. Kingston Hydro's total costs in 2022 were lower than predicted, and over the last 3 years, have been more than 10% lower than predicted. This has resulted in Kingston Hydro moving from Efficiency Assessment Group 3 to Group 2. Part of the reason for this is the cost-saving economic benefits of scope through our unique multi-utility model.

Kingston Hydro continues to monitor performance, with a focus on safe, reliable, and efficient services. Our customers and community can count on us.

Service Quality

- **New Residential/Small Business Services Connected on Time**
 - Utilities must connect new services for the customer within five business days, 90 per cent of the time, unless the customer agrees to a later date. Kingston Hydro exceeded this target for the 241 new low voltage (less than 750 volts) services connected in 2022. As in previous years, 100 per cent of these services were connected within the target of five working days (from the time all required permits were issued).
- **Scheduled Appointments Met on Time**
 - For appointments during the utility's regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90 per cent of the time. Customers make appointments with Utilities Kingston, on behalf of Kingston Hydro, for a variety of reasons, including for meter changes, service upgrades, and utility locates. Utilities Kingston strives to complete all requested appointments within five business days, and understands that being on time is important to deliver reliable customer service. In 2022, 341 of 341 (100 per cent) of scheduled appointments were met on time, surpassing the target of 90 per cent.
- **Telephone Calls Answered on Time**
 - During regular call centre hours, the utility's call centre staff must answer phone calls within 30 seconds of receiving the call directly, or having the call transferred to them, 65 per cent of the time.
 - In 2022, customer service representatives answered a total of 45,456 calls, a reduction of 5.9 per cent from 2021 call volume.
 - 75.06 per cent of calls (34,121) were answered within 30 seconds, exceeding the industry target for the second year. We continue to focus efforts on improving this metric year over year.
 - The operational changes at our contact centre implemented in the fourth quarter of 2020 continue to positively impact the performance results for telephone accessibility in comparison to years prior to 2021.
 - We have worked closely with our contact centre to make improvements and ensure that we are reaching and exceeding the service level expectations going forward. The results for 2021 and 2022 are a great improvement over our previously reported results.

Customer Satisfaction

- **First Contact Resolution**

- Utilities should aim to address their customers' needs as quickly as possible. Ideally, their concerns and issues are resolved the first time the customer contacts the utility.
- For Utilities Kingston, this is a measure of the number of times a customer inquiry/request, related to their account, is handled by the first person to receive the contact.
- 98.04 per cent of contacts were answered without having to transfer to another staff member, a similar result to 2021. First contact resolution is closely monitored to ensure that front line staff members have the information and tools available so they can effectively address customer inquiries.

- **Billing Accuracy**

- An important part of business is ensuring that customer bills are accurate. An accurate bill provides customers the right information, the first time.
- For 2022, Utilities Kingston issued 347,858 bills on behalf of Kingston Hydro Corporation, with an overall billing accuracy of 99.74 per cent, an increase from 2021. This exceeded the industry standard of 98 per cent of all bills being accurate.

- **Customer Satisfaction Survey Results**

- Utilities use different ways to determine how satisfied their customers are with the service they receive. Distributors are required to report their results every second year, at a minimum.
- A customer satisfaction survey was conducted by UtilityPulse on behalf of Kingston Hydro from August 26 to October 5, 2021 and the results are based on telephone interviews with 400 customers (both residential and commercial).
- An overall rating of 'A' was reported in 2021, consistent with the previous surveys conducted in 2014, 2016, and 2019.
- Highlighted in the 2021 Customer Satisfaction Survey was an overall satisfaction rate of 96 per cent, supported by a 91 per cent rating for delivering on its service commitments to customers. The Utilities Kingston overall credibility and trust score is 88 per cent, which exceeded the provincial and national benchmark of 84 per cent.

Safety

- **Public Safety**

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

In February/March 2022, a public awareness telephone survey was carried out among 406 members of the public, residing in Kingston Hydro's distribution area. The survey followed the requirements established in *Appendix B: Biannual Standardized Scorecard Public Awareness of Electrical Safety Telephone Questionnaire*, published by the OEB on November 25, 2015.

The survey yielded an overall Public Safety Awareness Index Score of 82 per cent (consistent with the 2020 survey result of 82 per cent), demonstrating that many people do have good knowledge or have received some information pertaining to the six core measurement questions. The 2022 results are used for the reporting years of 2022 and 2023, with the next survey for Public Awareness of Electrical Safety to be carried out in 2024.

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

For the year 2022, as in previous years, Kingston Hydro was fully compliant with the *Ontario Electrical Distribution Safety Regulation 22/04*. This is substantiated through the annual independent *Audit of Compliance and Declaration of Compliance*, as well as the *Electrical Safety Authority Due Diligence Inspections (DDI)* and *Reports of Public Safety Concerns*.

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

Results				Target
Number of Incidents	km of Line	Rate Default Value	Serious Incident Index	Serious Incident Index
0	334	100	0.000	0.042

For the reporting period, Kingston Hydro did not have any serious electrical incidents.

System Reliability

Both the target scores for System Average Interruption Duration Index (SAIDI) of 1.12 hours and System Average Interruption Frequency Index (SAIFI) of 0.55 were exceeded in 2022.

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

Kingston Hydro tracks all electricity outages and strives to reduce the length of time they affect customers. The average of 1.12 hours on the scorecard includes both planned interruptions necessary to conduct work safely (0.24 hours) and unplanned/emergency power disruptions (0.88 hours). Our result of 1.12 is better than the distributor target of 1.33.

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

On this measure, the average of 0.55 includes both planned interruptions (0.08) and unplanned interruptions (0.47). Our result of 0.55 is better than the distributor target of 0.85.

A powerful winter storm swept across eastern Ontario in the days leading up to Christmas in 2022. On December 24, 2022, high winds and heavy snow caused a total of 11,874 customer-hours of interruptions in the Kingston Hydro service territory. Prior to the winter storm, all hydro crews were on stand-by, in accordance with Kingston Hydro emergency protocol. Kingston Hydro responded quickly to restore 90 per cent of the customers who were interrupted, restoring power within 20 hours. This event was unpreventable and unavoidable, in accordance with the Ontario Energy Board definition of Major Event. Therefore, the outages were excluded from Kingston Hydro's reliability calculations.

A total of 39,198 customers were interrupted due to Loss of Supply in 2022. Loss of Supply categorizes the power outages caused by upstream transmission systems that are out of the control of Kingston Hydro. These outages were excluded from Kingston Hydro's reliability calculations.

Overall in 2022, defective equipment (0.44 hours), foreign interference (0.28 hours) and tree contact (0.05 hours) were the primary causes of interruptions.

Recognizing the importance of system reliability, Kingston Hydro strives to improve these areas for 2023 and beyond. The utility remains focused on proactive tree trimming, preventative inspection, and infrastructure renewal programs.

Asset Management

• Distribution System Plan Implementation Progress

Kingston Hydro's five-year capital plan for the 2016-2020 timeframe was filed in 2015 with its first Distribution System Plan (DSP) as part of its 2016 Custom Incentive Rate Setting (Custom IR) rate application.

Normally, the OEB expects distributors to update their DSP every five years. However, due to the impacts of the COVID-19 pandemic, Kingston Hydro requested and received approval from the OEB to defer the submission of its DSP from April 2020 to June 2022.

For the 2021 and 2022 timeframe, Kingston Hydro filed for mechanistic rate changes through the Incremental Rate Making (IRM) application process. Kingston Hydro's most recent five-year capital plan for the 2023-2027 timeframe was filed in June 2022, with its second DSP as part of its 2023 one-year rebasing rate application (refer to OEB case number EB-2022-0044).

Throughout 2022, the capital plan established under the 2022 IRM guided Kingston Hydro's capital expenditures; however, variances by investment category are to be expected due to the dynamic and ever-changing nature of competing investment priorities. The following tables summarize the variance between the 2022 forecast and the 2022 actual net capital additions by OEB investment category:

Table 1 – 2022 Actual and Forecast Capex Variance Analysis

Investment Category	Actual Net Capex \$	IRM Forecast \$	Variance \$
System Access	\$577,971	\$1,195,000	-\$617,029
System Renewal	\$2,480,649	\$2,258,000	\$222,649
System Service	\$388,665	\$248,000	\$140,665
General Plant	\$290,606	\$297,000	-\$6,394
Total	\$3,737,891	\$3,998,000	-\$260,109

Table 2 – 2022 Actual and Forecast Percentage Capex Variance Analysis

Investment Category	% Actual Total	% Forecast Total	% Variance of Actual wrt Forecast Category	% Variance of Actual wrt Forecast Total
System Access	15.46%	29.89%	-51.63%	-15.43%
System Renewal	66.36%	56.48%	9.86%	5.57%
System Service	10.40%	6.20%	56.72%	3.52%
General Plant	7.77%	7.43%	-2.15%	-0.16%
Total	100.00%	100.00%		-6.51%

NOTE: The 2022 forecast included a capital contribution forecast of \$200K. The actual capital contributions received was \$114K.

The **System Access variance** of -51.63 per cent (-\$617,029) between the actual and forecast amount is attributed to the economic downturn triggered by the ongoing COVID-19 pandemic and subsequent supply chain issues, which have delayed or slowed the completion of capital work and regulatory meter replacements associated with new development connections.

The **System Service variance** of 56.72 per cent (\$140,665) between the actual and forecast amount is attributed to partial deferral of two 5kV line rebuild projects from 2021 to 2022. These two 5kV line rebuild projects will facilitate a 13.8kV voltage conversion and provide additional line capacity for new development. When compared to the total forecast amount, System Service contributed 3.52 per cent to the overall budget variance. System Service expenditures have historically been relatively low, but are expected to increase over the next few years due to an increase in new development.

The **General Plant variance** of -2.15 per cent (-\$6,394) between the actual and forecast amount is attributed to Work in Progress that could not be capitalized in 2022. When compared to the total DSP forecast amount, General Plant contributes -0.16 per cent to the overall budget variance.

The majority of Kingston Hydro's capital investment planning (66.36 per cent of total actual expenditures) continues to focus on System Renewal, which involves replacing and/or refurbishing system assets to extend the original service life of the asset and thereby maintain the ability of the electrical system to provide safe and reliable electrical service to customers.

The **System Renewal variance** of 9.86 per cent (\$222,649) between the actual and forecast amount is due to the cumulative effects of several projects including Work in Progress (WIP) from previous years that was completed and capitalized in 2022. When compared to the total forecast amount, System Renewal contributes 5.57 per cent to the overall budget variance, which demonstrates Kingston Hydro's ability to responsibly manage a large number of system renewal projects with varying scope and scale.

Kingston Hydro considers the total actual capital expenditures for 2022 to be "on track" with the Kingston Hydro forecast. The overall variance of -6.51 per cent (-\$260,109) is attributed mainly to System Access underspending due to the ongoing COVID pandemic and

subsequent supply chain issues.

Cost Control

- **Efficiency Assessment**

- Kingston Hydro manages its costs successfully to help ensure customers receive value for the cost of the service. Utilities' total costs are evaluated to produce a single efficiency ranking. Total costs for Ontario LDCs are evaluated by the Pacific Economics Group on behalf of the OEB to divide LDCs into five groups, depending on the difference between their predicted and their actual costs.
- Kingston Hydro is pleased to report that in 2022, Kingston Hydro has moved from Efficiency Assessment Group 3 to Group 2, which is above-average efficiency, meaning Kingston Hydro's actual costs are more than 10% below expected costs for the three-year period 2020-2022.
- Kingston Hydro's total costs in 2022 were 12 per cent higher than 2021 as a result of additional costs incurred to file and defend its 2023 Cost of Service rate application. This compares to an industry average increase of 9 per cent.
- Kingston Hydro's total costs were 11 per cent under expected costs compared to an industry average of 14 per cent under expectations. Costs related to the 2023 cost of service rate application and infrastructure renewal continue to be the focus of where funds are spent.
- For the three-year period 2020 through 2022, Kingston Hydro's actual costs have been less than predicted by an average of 10.2 per cent, compared to an average of 13.2 per cent for the industry.
- Kingston Hydro will continue to manage its expenditures to ensure efficiencies will be achieved and anticipates maintaining a Group 2 Efficiency Assessment.

- **Total Cost per Customer**

Total cost per customer is the sum of all the capital and operating costs incurred by Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total number of customers.

Kingston Hydro's result for 2022 is \$614 per customer, a 13 per cent increase over 2021. This follows a 2021 decrease of 3.4 per cent from 2020. Total operating, maintenance and administrative expenses per customer for Kingston Hydro was \$279 per customer, compared to \$237 per customer in 2021 and \$266 per customer in 2020. Despite the increases, Kingston Hydro remains an efficient, low-cost electricity distributor.

- **Total Cost per km of Line**

Total cost per km of line is the sum of all the capital and operating costs incurred by Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total kilometres of line.

Kingston Hydro's result for 2022 is \$24,873 per kilometre of line, compared to the 2021 cost of \$45,552 per kilometre of line. This amount is approximately 50% of prior years due to the fact that Kingston Hydro now includes secondary circuits & services in its kilometres of line reporting whereas previous filings only reported primary circuits and services.

Kingston Hydro's 2023 Cost of Service rate application outlines capital and operating cost estimates for the 2023 through 2027 period.

Connection of Renewable Generation

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

The OEB's filing requirement to report on Connection Impact Assessments (CIA) completed on time was eliminated from the Reporting and Record-keeping Requirements (RRR) during 2021. As such the scorecard does not include CIAs completed on time during 2022.

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

One micro-embedded generation facility was connected in 2022, and it was connected within the required timeframe.

Financial Ratios

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

A common way of measuring the financial health of a company is through financial ratios.

This first ratio measures whether the utility has enough resources (assets) on hand at a particular point in time to pay the debts that could become due over the next 12 months. Kingston Hydro's Current Ratio is at 1.73:1.00 (compared to 1.69:1.00 in 2021), as at December 31, 2022. This indicates that for every \$1.00 of short-term liabilities due, Kingston Hydro has \$1.73 of assets available to fund those payments.

This ratio will fluctuate somewhat on a year-to-year basis but should remain within the range of 1.4:1.0 to 1.9:1.0.

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

This measures the degree to which the utility is leveraging itself through its use of borrowed money.

The OEB uses a deemed capital structure (debt:equity) of \$1.50 to \$1.00. This means that for every \$1.00 invested in infrastructure, the company's deemed regulatory capital financing structure is 60 per cent funding with new debt and 40 per cent with available cash.

Kingston Hydro's debt:equity ratio is \$1.05 to \$1.00. This means that for every \$1.00 the company has invested in assets, 51.2 per cent has been funded with debt and 48.8 per cent has been funded with equity. Kingston Hydro continues to monitor this ratio to ensure it stays at or below 1.50:1.00.

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

Return on equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the OEB. Kingston Hydro's 2022 approved deemed return on equity is 9.19 per cent, which was awarded in its latest cost of service proceeding for 2016 – 2020 rates.

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

This shows the utility's actual return on equity earned each year for the period 2018 through 2022. Kingston Hydro achieved a return on equity of 6.76 per cent for 2022.

Note to Readers of 2022 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.