

Scorecard - Centre Wellington Hydro Ltd.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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	99.30%	100.00%	99.53%	100.00%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	98.90%	100.00%	99.51%	100.00%	99.69%	↑	90.00%		
		Telephone Calls Answered On Time	99.30%	98.81%	97.88%	98.16%	69.90%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	99.65%	99.84%	99.72%	99.88%	99.43%				
		Billing Accuracy	99.99%	99.98%	99.82%	99.97%	99.88%	↔	98.00%		
		Customer Satisfaction Survey Results	77.3	77.30	79.9	79.90	81%				
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	84.10%	85.60%	85.60%	85.70%	85.70%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	NI	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 ²	0.10	0.13	0.31	0.45	0.27	↑		0.65	
		Average Number of Times that Power to a Customer is Interrupted ²	0.11	0.08	0.70	0.48	0.20	↑		0.24	
	Asset Management	Distribution System Plan Implementation Progress	86.36	92	100	85	73%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$677	\$684	\$710	\$731	\$675				
		Total Cost per Km of Line ³	\$30,086	\$30,334	\$31,963	\$32,898	\$30,739				
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%						
		New Micro-embedded Generation Facilities Connected On Time	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)	1.76	1.42	1.52	1.28	1.42				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.16	1.15	1.07	0.98	0.93				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	9.00%	9.00%	9.00%			
			Achieved	4.01%	3.54%	7.14%	5.19%	7.86%			

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. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 ↑ up ↓ down ↔ flat

Current year
 ● target met ● target not met

2020 Scorecard Management Discussion and Analysis (“2020 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 2020 Scorecard MD&A:

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

Scorecard MD&A - General Overview

Overall Centre Wellington Hydro’s (CWH) 2020 scorecard results show continued high performance. Our commitment to customer focus and putting our Customers’ needs first resulted in high Service Quality and Customer Satisfaction scores that far exceed targets. CWH’s most recent Customer Satisfaction Survey resulted in a modest increase from the previous survey. Safety is of the utmost importance at CWH and there have been no serious electrical incidents over the last five years, and CWH is compliant with Ontario Regulation 22/04. System Reliability scores show CWH’s customers can expect minimal outages and short outage duration times that are much lower than the provincial average, indicating CWH’s ability to effectively manage its distribution system and maintain and replace assets appropriately. Regarding the Cost Control section, CWH is consistent with remaining in the third tranche for efficiency, along with 27 other LDC’s. The Total Cost per Customer and per km of line decreased from the 2019 calculated amounts. In 2020 CWH’s capital investment and expenditures were lower than in previous years therefore these two metrics decreased. CWH’s financial position is sound and detailed explanations can be found below under the Financial Ratios section.

We encourage our customers to read through the following Management Discussion and Analysis to understand CWH’s performance and to contact us for clarification and or feedback.

Service Quality

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

In 2020, CWH connected 218 low-voltage (connections under 750 volts) residential and small business customers. CWH considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities 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. Consistent with prior years, CWH connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. CWH expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

In 2020, CWH had 319 appointments scheduled with a customer/representative to connect services, disconnect services, or otherwise complete work requested by CWH’s customers. CWH considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, CWH met 99.7% of these appointments on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

- **Telephone Calls Answered On Time**

In 2020, CWH had 4,943 qualified incoming calls. CWH considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. CWH’s target for Telephone Accessibility was met in 2020 with 69.9% of qualifying calls being answered within 30 seconds. The low score warrants an explanation as it falls short of CWH’s commitment to customer service. In March 2020, CWH’s Customer Service staff transitioned to working from home due to the COVID-19 Pandemic. At that time, all customer phone calls were directed to voicemail and customer messages were emailed to the Customer Service department. Customer Service Representatives (CSR) responded to these messages by a return email or phone call as preferred by the customer. The qualified calls that were received during our regular working hours were recorded as “qualified incoming calls.” While the messages left by customers were dealt with as soon as CWH’s CSR’s were able to, CWH did not record them as “answered within 30 seconds.” In August 2020, CWH upgraded our phone system to VOIP and the enhanced capabilities gave staff the ability to receive and make calls through employees’ computers whether in the office or working remotely. A further enhancement in Dec of 2021 was made to CWH’s phone system by transitioning to a different communications carrier on a much more robust fibre network. Of note, CWH’s score for this metric without the 4-month window of answering calls remote from the office without Voice over IP integration would have been 93.61%.

Customer Satisfaction

- **First Contact Resolution**

CWH 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 CSR whether by telephone, letter, e-mail, or in person.

CSRs log calls, walk-ins, letters, and emails. If they are unable to address the concern on the initial contact and must call or email the customer back, they mark the call as “unresolved first contact” in order to be tracked as a returned call/email. Of the 4,943 calls received, 28 were tagged as “unresolved first contact.” This gave CWH a 99.43% measure for First Contact Resolution.

- **Billing Accuracy**

Billing Accuracy was introduced by the Ontario Energy Board late in 2014. It is defined as the number of accurate bills issued expressed as a percentage of total bills issued. The OEB approved standard has been set as 98% of bills must be accurate.

CWH considers timely and accurate billing to be an essential component of customer satisfaction. CWH has checks and measures in place to monitor the accuracy of the bills. CWH produced a total of 87,012 bills in 2020 and had a total of 108 inaccurate bills for the year. This gave us a Billing Accuracy Measure of 99.88%.

- **Customer Satisfaction Survey Results**

In Q1 of 2021, CWH used Redhead Media Solutions Inc. to perform a Customer Satisfaction Survey. This statistically sound survey gathered customers' responses to several key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. This survey is a useful tool for engaging the customer and to receive a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement. CWH's overall satisfaction score as seen on the scorecard is 81%; this is an increase compared to 2019's overall results of 79.90%, CWH feels the survey results indicate an overall positive customer response to CWH. Of interest, when asked to prioritize the following 4 aspects in order of importance to them, our customers responded in this order; 1) Reliability 2) Price 3) Customer Service 4) Conservation, this priority ranking is the same as the previous 2019 Customer Satisfaction Survey results.

Safety

- **Public Safety**

Public Safety is a scorecard measure introduced in 2014 by the Ontario Energy Board. 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 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. This is the third round for the public awareness survey and CWH's score was 85.70%.

- **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. CWH was found to be in Compliance for the 2020 calendar year.

- **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. In 2020, CWH had zero (0) fatalities and zero (0) serious incidents within its territory; which translates to a rate of zero (0) incidents per 1,000 km of line for 2020, which is consistent to the historical years.

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 and the ability of a system to perform its required function, as well as an LDC's ability to respond and restore power after an outage has occurred. CWH views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. It has also been shown via the Customer Satisfaction Survey, that CWH's customers also have system reliability as a high priority. CWH regularly maintains its distribution system to ensure its level of reliability is maintained. For 2020, CWH's average number of hours that power to a customer was interrupted was 0.27, which is CWH's average over the previous five-year period and below CWH's target. CWH's average number of outages continues to be lower than the provincial average.

- **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 CWH. As outlined above, the Ontario Energy Board requires a utility to track this measure within the range of its historical performance over a 5-year span. CWH customers experienced interrupted power 0.2 times during 2020, which is below CWH's range/distributor target of .24. CWH's average number of interruptions in a year continue to be below the provincial average.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (DSP) implementation progress was instituted by the Ontario Energy Board beginning in 2013. The DSP outlines forecasted capital expenditures over five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess CWH's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the province.

In 2017, CWH filed a Distribution System Plan with their Cost of Service, which spans the period of 2018 to 2022. Based on the DSP there were 15 capital jobs planned for 2020 and CWH completed 11 of these planned projects which equates to a 73% (11/15) Distribution System Plan Implementation Progress score. From year to year the scheduling of capital projects can be rearranged for purposes such as aligning projects with Municipal road construction, development scheduling changes, unanticipated capital expenditures due to equipment failures in the field, and projects being rolled over to the next year as work in progress due to not being 100% completed. CWH rearranged capital projects within the 2020 year and actually completed 7 more overall projects for a total of 18 identified capital jobs.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its 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. For 2020, CWH remained in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs, CWH's actual costs were 4.2% lower than the predicted costs, over the period of 2018 to 2020.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CWH's capital and operating costs, including certain adjustments to make the costs more comparable between utilities and dividing this cost figure by the total number of customers that CWH serves. Like most distributors in the province, CWH has experienced increases in its total costs required to deliver quality and reliable services to customers, however within CWH's service area there is not a significant growth to offset these increases. CWH's current rate is \$675 per customer, this is just over a 7.6% decrease over the 2019 value. In 2020, CWH's capital expenditure was significantly lower than previous years, due to larger capital spends for specific projects in 2018 and 2019. CWH is anticipating 2021 capital expenditure to be similar to that of 2020, therefore doesn't expect a significant change in the cost per customer.

- **Total Cost per Km of Line**

CWH's rate is \$30,739 per km of line for 2020. The total cost used is the same total cost mentioned in Total Cost per Customer above and is then divided by CWH's total kilometers of line within our service territory. CWH's growth rate for its territory is considered low and as a result, the cost per km of line is expected to increase as capital and operating costs increase. The decrease in 2020 is 6.5% over the previous years calculated metric. In 2020, CWH's capital expenditure was significantly lower than previous years, due to larger capital spends for specific projects in 2018 and 2019. CWH is anticipating 2021 capital expenditure to be similar to that of 2020, therefore doesn't expect a significant change in the cost per Km of line.

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. CWH has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2020, CWH did not have any CIA requests.

- **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. No new microFIT projects were connected in 2020.

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.

CWH's current ratio increased from 1.28 in 2019 to 1.42 for 2020. CWH's current ratio is expected to remain financially healthy into the foreseeable future.

- **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 2020, CWH's debt to equity ratio is 0.93, which is close to a 50/50 ratio, indicating CWH's financial stability is sound. CWH did not increase its debt in 2020.

- **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. CWH's current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 8.98%. The Ontario Energy Board 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 Ontario Energy Board.

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

CWH achieved an ROE of 7.86% in 2020, which is within the band of 9.00% +/-3% allowed by the Ontario Energy Board (see above paragraph).

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.