

Scorecard - Kitchener-Wilmot Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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	90.30%	92.50%	98.93%	99.14%	98.53%	↑	90.00%		
		Scheduled Appointments Met On Time	96.20%	97.50%	97.93%	99.18%	99.39%	↑	90.00%		
		Telephone Calls Answered On Time	78.10%	78.40%	92.80%	91.90%	90.14%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	98.9%	99.4%	99.6%	99.03%	98.78%				
		Billing Accuracy	100.00%	100.00%	99.58%	97.37%	99.99%	↓	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	83.00%	83.00%	83.00%	83.00%	83.00%				
		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	3	3	↑		1
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	1.524	1.520	↑		0.287
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.57	1.11	0.92	0.70	1.02	↓		0.87	
		Average Number of Times that Power to a Customer is Interrupted ²	0.77	1.11	1.03	0.97	1.05	↑		0.92	
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In Progress	In Progress	In Progress	In Progress				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$481	\$494	\$487	\$519	\$524				
		Total Cost per Km of Line ³	\$23,150	\$23,866	\$23,707	\$25,447	\$25,873				
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).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴	20.68%	36.61%	83.39%	100.00%	117.00%			105.71 GWh	
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%		↻	90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.97	1.96	1.99	2.01	1.56				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.61	0.57	0.54	0.51	0.49				
		Profitability: Regulatory Deemed (included in rates)	9.36%	9.36%	9.36%	9.36%	9.36%				
		Return on Equity	Achieved	11.47%	10.18%	9.59%	9.06%	8.73%			

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 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

2019 Scorecard Management Discussion and Analysis (“2019 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 2019 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A – General Overview

Kitchener-Wilmot Hydro Inc. (KWHI) has been a part of the local community for more than 100 years. As the energy industry continues to grow and evolve, KWHI remains committed to its promise to deliver safe, reliable, and efficient electricity distribution services at a reasonable cost to its customers.

In 2019, KWHI exceeded industry targets for most Scorecard measures, achieving exceptional ratings in customer satisfaction, billing accuracy, and service quality, and safety. KWHI also had the 7th lowest total cost per customer out of 59 distributors across the province. KWHI continues to carefully pace and prioritize capital investments to effectively manage distribution system assets, complete necessary infrastructure improvements, and reduce outage frequency and outage duration to improve customer experience.

With a service territory of more than 425 square kilometres, a staff of 186 and more than 98,000 customers, KWHI continues to effectively manage a distribution system that includes more than 1,980 kilometres of overhead and underground distribution lines, more than 23,000 power poles, more than 11,000 transformers and 8 transformer stations.

Service Quality

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

In 2019, KWHI connected 1,003 low-voltage residential and small business customers within the five-day timeline prescribed by the Ontario Energy Board. KWHI connected 98.53% of its total service connections on time.

- **Scheduled Appointments Met on Time**

In 2019, KWHI had more than 2,100 scheduled customer appointments where the customer or representative was required to be present and once again exceeded the industry standard of 90% of scheduled appointments met on time. KWHI also improved its performance over 2018, from 99.18% to 99.39%.

- **Telephone Calls Answered on Time**

In 2019, KWHI's Customer Service team responded to more than 62,700 telephone calls, a slight decrease in the number of calls from 2018. 90.14% of customer calls were answered within 30 seconds, which exceeds the industry standard of 65% as set by the Ontario Energy Board. KWHI saw a decrease in phone calls and email traffic during 2019 due to continued moderation of electricity price increases and the winter ban on disconnections. KWHI continues to explore new ways for customers to connect with its staff quickly and easily to reduce wait times and call volumes.

Customer Satisfaction

- **First Contact Resolution**

In 2014, LDC's were given an opportunity to define this measure in the manner that provides the most meaningful assessment. KWHI defines First Contact Resolution as all telephone calls resolved by the Call Centre on first contact, and strives to handle each customer interaction quickly, efficiently and to the customer's satisfaction. As this measure is evolving, KWHI continues to monitor its progress and track best practices of other LDCs to improve its own customer service offering.

In 2019, 98.78% of phone calls received by the Call Centre achieved First Contact Resolution due to the excellent service provided by KWHI's Customer Service staff.

- **Billing Accuracy**

An accurate bill is defined as a bill that contains correct customer information, correct meter readings and correct rates. In 2019, KWHI issued more than 1,179,000 electricity bills to over 98,000 customers and achieved a billing accuracy percentage of 99.99%. Beginning in 2019, KWHI started designing and testing a new Customer Information System for implementation in early 2021.

- **Customer Satisfaction Survey Results**

In 2019, KWHI engaged a third party to conduct a customer satisfaction survey which invited customers to provide feedback on a variety of areas including customer service, reliability, service value, billing, and outages. The data collected from this survey is used as a baseline to guide customer service improvements. KWHI received an “A” for its overall performance.

KWHI continues to use customer feedback to enhance its customer service offering and give customers an effortless experience.

Safety

- **Public Safety**

In 2019, KWHI provided electrical safety education to more than 1,300 grade five and six students, the Kitchener and Wilmot Fire Departments, Waterloo Region’s Emergency Medical Services, and contractors in KWHI’s service territory.

KWHI’s training includes the award winning one-minute animated videos featuring “Lucky the Squirrel” who teaches viewers how to be safe around electricity. These safety videos are shared widely in Ontario and have well over 100,000 views online. These videos also had 200,000 views at the Kitchener Ranger’s games in 2019.

On an ongoing basis, KWHI shares public electrical safety messages through radio and newspaper advertising, on its website, social media channels and other outlets, providing businesses, seniors, farmers, volunteers, parents, and children in its service area with seasonally relevant public safety reminders. KWHI also provides funding for electrical safety education at the Waterloo Regional Police Service’s Children’s Safety Village and sponsors the Children’s Hero Awards.

KWHI’s extensive customer outreach program educates customers on overhead power line safety, underground electrical contact/locates, safety and emergency preparedness, including participation in Fire Prevention Week, Emergency Preparedness Week, and the Electrical Safety Authority’s Powerline Safety Week. KWHI’s public safety initiatives saw KWHI win the Electricity Distributor’s Association’s Public Safety Excellence Award.

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

This component of the public safety measure is intended to measure the level of safety awareness of the general public within the electricity distributor's service territory.

KWHI's score of 83% is the result of a standard survey performed by a third party in February 2018. KWHI is using the information gathered in this survey to develop and target its safety messages going forward.

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

This component of the public safety measure addresses the level of distributor compliance to Ontario Regulation 22/04, which governs the safe design and construction of electrical distribution systems. Measurement includes an audit and declaration of compliance submitted by the distributor and due diligence inspections completed by the Electrical Safety Authority. KWHI fully complies with the Ontario Regulation 22/04 safety standard.

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

A Serious Electrical Incident is defined as electrical contact, fire or explosion or equipment failure in the distribution system that causes loss of life or critical injury to a member of the general public. The guideline for reporting Serious Electrical Incidents was revised in 2017 to include a broader definition of incidents that now qualify. This component of Public Safety measures the number of serious electrical incidents involving members of the general public in KWHI's service territory. KWHI had 3 serious electrical incidents in the reporting period for 2019. KWHI continues to make public safety a priority through its educational activities and programs.

System Reliability

In 2019, KWHI continued its program of focused investments in animal control and vegetation management to improve system reliability. In addition, faulted or end-of-life equipment is replaced with new components with better performance, such as polymer insulators and switches. Real-time information about current outages can be found on KWHI's outage map at <http://outages.kwhydro.ca/gridvu/>

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

In 2019, KWHI saw an increase in the number of hours that power is interrupted to a consumer. KWHI's average number of hours that power is interrupted to a customer at 61.2 minutes is less than the provincial average of 91.2 minutes.

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

The average number of times a KWHI customer was without power during the year increased slightly in 2019. KWHI at 1.05 times remains below the provincial average of 2.64 times for this measure and continues to carefully monitor and assess its investments to maintain the high reliability standards KWHI's customers have come to expect.

Asset Management

- **Distribution System Plan Implementation Progress**

KWHI has a long-term asset management plan that allows it to effectively pace infrastructure replacement and investments. KWHI is incorporating elements of its ongoing asset management plan into a Distribution System Plan (DSP) that was submitted to the Ontario Energy Board in its 2020 Cost of Service rate filing.

Cost Control

The following section commentary is based on figures generated by the Ontario Energy Board based on total cost benchmarking analysis conducted by the Pacific Economics Group Research LLC. The model used by the Ontario Energy Board is based on econometrics. This model establishes relationships between business conditions (i.e. number of customers, kWh deliveries, length of lines) and distributor cost. Many adjustments are made to ensure fair comparison between distributors.

- **Efficiency Assessment**

The efficiency assessment measure compares distributors' actual costs to costs predicted by the Ontario Energy Board model described above. Those LDCs with lower actual costs than predicted costs are considered to be better cost performers and are therefore given a lower stretch factor assignment for efficiency improvements. KWHI ranked 7th in the province for lowest cost per customer in 2019 and has maintained its Group 2 cost efficiency level for the past seven years, while continuing to provide excellent customer service and high reliability performance.

- **Total Cost per Customer**

KWHI's total cost per customer compares favourably to other LDC's for providing distribution services to its customers. Distribution services includes design, maintenance and construction of infrastructure, customer services and customer education. KWHI's total cost per customer of \$524 per year is lower than the provincial average.

- **Total Cost per Km of Line**

KWHI's total cost per kilometre of line compares favourably to other LDCs. KWHI's total cost per kilometre of line of \$25,873 is lower than the provincial average.

Conservation & Demand Management

The year 2019 marked the fifth year of a six-year Conservation First Framework. In this Conservation First Framework 2015-2020, KWHI has been allocated an electricity savings target of 105.7 GWh of energy savings to be achieved through a suite of energy efficiency programs under the Save On Energy brand offered to both residential and commercial customers.

On March 21, 2019, the Ontario Provincial Government announced the discontinuance of the Conservation First Framework.

As at the end of the 2019 year, KWHI achieved 117% of its savings target.

Connection of Renewable Generation

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

In 2019, KWHI performed no connection impact assessments (CIA). Distributors are required to connect CIAs within 60 days of receiving a complete application from a customer. KWHI has met 100% of its CIA reviews on time over the past five years.

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

In 2019, KWHI connected no micro-embedded generation facilities. KWHI has always met 100% of its micro-embedded generation facilities connections on time, exceeding the industry target of 90%.

Financial Ratios

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

The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To gauge this financial metric, the current ratio considers the total current assets of a company relative to that company's total current liabilities. KWHI is maintaining a current ratio that allows it to have a margin of safety to cover financial obligations on a timely basis.

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

The Ontario Energy Board uses a deemed capital structure of 60% debt and 40% equity for distributors when establishing rates. This equates to a debt to equity ratio of 1:5. KWHI's actual debt to equity ratio of 0.49 ensures a strong balance sheet.

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

KWHI's current distribution rates were approved by the Ontario Energy Board effective January 1, 2020. In 2019, rates included an expected (deemed) regulatory return on equity of 9.36%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity.

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

In 2019, KWHI's regulatory return on equity - achieved was 8.73%, which is below the deemed regulatory return on equity but is well within the +/-3% range allowed by the Ontario Energy Board. The average return over the past five years was 9.8% which is also well within return included in KWHI's approved rates. KWHI achieved return is lower than the deemed rate in 2019 due to increasing operating costs. KWHI is mindful of declining kW demand and kWh energy consumption due to conservation efforts and actively seeks productivity savings arising from related process improvement initiatives.

Note to Readers of 2019 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.