

Scorecard - Hearst Power Distribution Company Limited

8/7/2024

Performance Outcomes		Performance Categories		Measures		2019	2020	2021	2022	2023	Trend	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%	100.00%	→	90.00%		
		Scheduled Appointments Met On Time		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
		Telephone Calls Answered On Time		92.14%	94.81%	95.02%	97.72%	92.09%	↑	65.00%			
	Customer Satisfaction	First Contact Resolution		99%	100%	99.91%	100%	99.84%					
		Billing Accuracy		99.91%	99.98%	99.99%	99.99%	99.92%	→	98.00%			
		Customer Satisfaction Survey Results		98.2% Good	98.2% Good	97.4% Good	97.4% Good	98.4% Good					
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		77.43%	77.43%	79.00%	79.00%	78.54%					
		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	→	0.000		
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²		2.48	3.25	5.19	2.06	6.87	↑	2.98			
		Average Number of Times that Power to a Customer is Interrupted ²		1.18	1.24	2.18	1.14	1.67	↑	1.51			
	Asset Management	Distribution System Plan Implementation Progress		Established	New DSP	Completed	Completed	Implemented					
	Cost Control	Efficiency Assessment		2	1	1	1	1					
		Total Cost per Customer ³		\$539	\$543	\$570	\$599	\$669					
		Total Cost per Km of Line ³		\$14,999	\$14,874	\$15,946	\$16,793	\$18,479					
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	New Micro-embedded Generation Facilities Connected On Time									90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		2.05	1.99	2.39	2.43	2.11					
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.28	0.21	0.24	0.23	0.21					
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.19%	9.19%	8.34%	8.34%	8.34%				
			Achieved		13.91%	7.18%	20.43%	7.50%	8.12%				

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.

Legend:

5-year trend
 up down flat
Current year
 target met target not met

Annex A - 2023 Scorecard Management Discussion and Analysis (“2023 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 2023 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

- In 2023, Hearst Power Distribution Company Ltd. (HPDC) exceeded all performance targets when compared to the industry standards.
- In 2024, the company expects to maintain, or increase where possible, its overall scorecard performance results as compared to prior years. HPDC expects similar, or slightly improved, performance as a result of enhanced system reliability due to the company’s major investment in its distribution system plant, as per HPDC’s 2021-2025 implemented Distribution System Plan, and continued responsiveness to customer feedback.

Service Quality

- **New Residential/Small Business Services Connected on Time**
In 2023, HPDC connected all low-voltage residential and small business customers on-time (100%). As usual, HPDC views customer connections as a top priority and continues to exceed the 90% OEB-mandated threshold.
- **Scheduled Appointments Met On Time**
HPDC scheduled 133 appointments in 2023 which have been 100% completed on-time and as required. HPDC continues to exceed the industry target of 90%. The work requests include, but are not limited to, disconnections, reconnections, tree trimming inquiries, etc.
- **Telephone Calls Answered On Time**
In 2023, HPDC received 822 calls, of which 757 were answered within 30 seconds. That is an annual 92.09% achievement for HPDC, which is significantly greater than the 65% OEB-mandated target.

Customer Satisfaction

- **First Contact Resolution**

In 2023, 99.84% of telephone calls and written inquiries were resolved on first contact with Hearst Power representatives (No follow-up required).

- **Billing Accuracy**

For the period of January 1st, 2023 to December 31st, 2023, HPDC issued 33,535 invoices and achieved a billing accuracy of 99.92%. This compares favorably to the prescribed OEB target of 98%. HPDC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The customer survey was developed through a collaborative effort of, Hearst Power Distribution Company Limited Inc., Hydro Hawkesbury Inc., Hydro 2000 Inc., Cooperative Hydro Embrun, Renfrew Hydro and Ottawa River Power Corporation (“the Group”). The Group was assisted by Tandem Energy Services Inc. for developing the survey. The main purpose of the collaborative effort was to minimize the cost of the survey by the sharing of intellect and resources.

In the year 2023, HPDC conducted its customer satisfaction survey amongst all customer classes, where clients were given a possibility to express their needs and opinions by completing an online, telephone or hard copy survey. Out of approximately 2,600 HPDC residential and small and medium business customers, 510 or 19.6% responded to the survey. The results identified 98.4% overall good or better performance which compares similarly to the previous survey results.

Safety

- **Public Safety**

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

In 2023, HPDC conducted a Safety Awareness survey amongst all its customers, which resulted in an overall score of 78.54%, which is very similar to the previous 2021 ESA survey (79%). The survey was developed by the Electrical Safety Association to monitor the efforts and impact LDCs are having on improving public electrical safety. HPDC also continues to publish educational communiqués, which provide written information to the general public on electrical subjects via newspapers and our website. This program was developed to keep customers educated & informed on electrical safety, and to provide some background on the complex electrical sector.

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

In 2023, HPDC was audited and noted as being compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective-based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors.

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

Over the past five years, HPDC did not have any serious electrical incident.

System Reliability

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

In 2023, HPDC's average number of hours of power interruption to a customer was 6.87, a significant increase of 4.81 over 2022 and 3.89 higher than the distributor specific target of 2.98. Of this 2023 ratio, 32% (2.17) is due to planned pole and transformer changes that were increased to 50 poles per year in the 2021-2025 Distribution System Plan ("DSP") versus the previous 2015-2020 DSP which averaged 30 poles per year. Of the 6.87 average, 66% (4.54) were due to 3 specific events including 2 pole fires and one traffic accident that took down 5 poles at one time. HPDC expects for better results next year as new circuit switches are being installed to help lower this ratio for planned maintenance work and HPDC is also hopeful for less uncontrollable incidents.

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

In 2023, HPDC's average number of times that power to a customer was interrupted was 1.67, which is a little bit higher when compared to last year's 1.14 and slightly higher than the distributor's target of 1.51. HPDC expects an outcome near the distributor's target for 2024, as planned outages for the refurbishment of our outside plant will continue.

The implemented Distribution System Plan, the continued asset surveys and the replacement of deteriorated assets continue to contribute in maintaining a satisfactory average.

Asset Management

- **Distribution System Plan Implementation Progress**

HPDC's most recent Distribution System Plan (DSP) was approved in 2021 for the period of 2021 to 2025. The plan, which was included with our OEB EB-2021-0027 rate application, was implemented in 2021 and included a pole replacement program. The pole replacement program was established in consideration of a pole survey that identified pole assets in bad condition and in need of replacement. The pole survey identified 221 poles in poor or below average condition.

The main driver for the pole replacement program is the risk of plant failing in service and creating long outages for customers, and added O&M costs for the utility. This is intensified if there are simultaneous failures, and if the failures are the result of weather stressors such as high winds. Also, there are some safety benefits to doing the pole replacement project. First is the reduction of the possibility of poles falling in adverse weather and causing accidents or damage to property. Second is the safety related to the potential loss of power during extreme cold weather and the loss of heat for an extended period of time.

The 5-year Distribution System Plan was implemented in 2021, and after the third year (2023), 147 poles in poor condition have been replaced.

Cost Control

- **Efficiency Assessment**

HPDC received an efficiency assessment of 1 for the year 2023. The efficiency rating means that actual costs are >25% below predicted costs. No changes are expected in the year 2024.

- **Total Cost per Customer**

As shown in the 2023 Scorecard, HPDC's total cost per customer is \$669. This number is an increase of \$70 compared to the previous year, and accounts for a year over year increase of 10.4%. The increase is reflective of higher than usual inflation and material price increases. The year over year increase for 2024 is predicted to be lower as equipment supply prices are looking to stabilize.

- **Total Cost per Km of Line**

In 2023, HPDC had an average of 28 customers per Km of line (includes primary and secondary circuits) which reflected a total cost of \$18,579 per Km of line (increase of \$1,686 compared to 2022). The increase for 2024 is forecasted to be lower than 2023 as prices on electricity distribution supplies and services are expected to stabilize.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2023, HPDC did not complete any CIA as no such request was received for renewal generation connection.

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

In 2023, 4 net-metered generation customers were connected on Hearst Power's distribution grid. As the Canada Greener Homes are no longer taking grant applications for 2024, it is anticipated that no new net-generating systems will request connection to the distribution grid.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

HPDC's current ratio decreased from 2.43 in 2022 to 2.11 in 2023. The decrease in the liquidity ratio is driven by higher inventory, regulatory deferrals and accounts payables at year end. HPDC's ratio for subsequent years is expected to remain stable near 2. Large capital investments are required in the distribution plant and will continue to be implemented as per the 2021-2025 Distribution System Plan.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt-to-equity ratio of 1.5 (60/40). HPDC had a debt-to-equity ratio of 0.21 in 2023 which is almost the same as the 0.23 ratio of the previous year. HPDC forecasts similar debt-to-equity ratio in the future year.

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

HPDC's distribution rates were approved by the OEB in a Cost-of-Service Application, effective as of May 1st, 2021, and include an expected (deemed) regulatory return on equity of 8.34% for 2023.

The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

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

HPDC's return on equity achieved in 2023 was 8.12%, which is within +/- 3% of the expected Return on Equity (ROE) approved by the OEB.

Note to Readers of 2023 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.