

Scorecard - Milton Hydro Distribution 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	96.76%	99.61%	99.88%	100.00%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
		Telephone Calls Answered On Time	96.52%	93.87%	84.44%	73.17%	76.24%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	94.2	99.2	100	Compliant	Compliant				
		Billing Accuracy	99.96%	99.99%	100.00%	100.00%	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	84.00%	84.00%	84.00%	82.00%	80.00%				
		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	→		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.61	0.74	0.33	1.52	0.76	↑		0.79	
		Average Number of Times that Power to a Customer is Interrupted ²	0.49	0.83	0.58	1.15	0.57	↑		0.73	
	Asset Management	Distribution System Plan Implementation Progress	on track	on track	on track	on track	na				
	Cost Control	Efficiency Assessment	3	2	2	2	2				
		Total Cost per Customer ³	\$667	\$683	\$700	\$682	\$683				
		Total Cost per Km of Line ³	\$9,673	\$10,195	\$10,390	\$10,157	\$10,221				
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	100.00%			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)	1.72	1.65	1.56	1.65	0.80				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.25	1.24	1.28	1.37	1.27				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	9.45%	10.45%	6.74%	6.86%	7.41%			

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

Appendix A – 2021 Scorecard Management Discussion and Analysis (“2021 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

Milton Hydro Distribution Inc. (“Milton Hydro”) has delivered a safe, reliable and efficient supply of electricity to the Town of Milton for over 100 years. In 2021, Milton Hydro refocused its strategy around modernization, efficiency and resiliency with a view to ensure that Milton Hydro is well positioned for the changing energy landscape and to enhance the overall customer experience. Milton Hydro is committed to delivering a reliable, sustainable and electrified future to its customers through leadership and innovation.

In 2021, Milton Hydro met or exceeded all its industry performance targets as discussed below.

Milton Hydro’s System Reliability improved in 2021 as compared to its five-year average from 2017 - 2021, and in comparison to its targets based on its five-year average from 2011 - 2015. The majority of the improvement was due to a decrease in number of customer interruptions related to the i) Foreign interference and ii) Defective Equipment cause categories which accounted for 87% and 26% of the decrease, respectively. Milton Hydro recognizes that reliability is important to its customers and continuously plans maintenance such as tree trimming and asset management to reduce the vulnerability of the distribution system to outages.

Milton Hydro’s rates are approved by the Ontario Energy Board (“OEB”) each year and follow the OEB’s rate application process. Every five years distributors file a Cost of Service Application (“CofS”) which takes into consideration the last four years of capital expenditures, Operations, Maintenance and Administration expenses and a forecast for the years ahead. This application sets the base for rates going forward. The four years following a CofS Application distribution rates are based on an inflation rate, set by the OEB, and reduced by a percentage stretch factor representing an incentive for distributors to become more productive.

Milton Hydro’s last Cost of Service Application (“CofS”) was in 2016. Milton Hydro was due to file its next CofS Application for its 2022 rate year; however, in January 2021 it requested and received approval from the OEB to postpone filing a CofS Application until April 30, 2022, for rates effective January 1, 2023.

Customer Satisfaction

In 2013, the Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey, requiring electricity distributors to measure and report customer satisfaction results, every other year at minimum. The OEB allows electricity distributor's discretion as to how they implement this measure.

In 2021, Milton Hydro engaged UtilityPULSE to perform Milton Hydro's fourth Customer Satisfaction Survey to obtain actionable and measurable feedback from Milton Hydro customers. Milton Hydro achieved an "A" rating from its customers.

The 2021 survey results are shown in the table below.

Milton Hydro's UtilityPULSE Report Card®				
<i>Performance</i>				
	CATEGORY	Milton Hydro	National	Ontario
1	Customer Care	B+	B+	B+
	Price and Value	B	B+	B+
	Customer Service	A	B+	A
2	Company Image	A	A	A
	Company Leadership	A	A	A
	Corporate Stewardship	A	A	A
3	Management Operations	A	A	A
	Operational Effectiveness	A	A	A
	Power Quality and Reliability	A+	A	A
OVERALL		A	A	A

Base: total respondents

Public Safety Awareness

Also, in common with all electricity distributors in Ontario, Milton Hydro is required to engage customers with a public safety survey every two years. In spring 2022, Milton Hydro engaged UtilityPULSE to conduct its fourth Electrical Safety Awareness Survey targeting residents in the Town of Milton. This customer survey supports Milton Hydro's safety value and was undertaken to assess the public's level of knowledge and awareness of key electrical safety precautions.

Residents in the Town of Milton have Public Safety Awareness Index Score of 80%, which is lower than the 2020 score of 82%, however, note the margin of error for 1,000 surveys is +/-3% (19 times out of 20). While scoring well in all six questions, this does indicate that more communication is needed to enhance electrical awareness knowledge to improve public safety. The 2022 survey and previous years' safety surveys show many respondents do have good knowledge or have received some information pertaining to the six core measurement questions identified below.

The survey included six core measurement questions:

- Likelihood to "Call Before You Dig" – 81% of respondents said, "definitely or very likely". (2020 - 74% / 2018 - 71.4 % / 2016 - 71.4%). Reminder that it is the Law to call;
- Impact of touching a power line – 98% of respondents said, "very dangerous" (2020 - 97% / 2018 - 95.8% / 2016 - 94.7%). Even though there was an improvement in 2019, this should have been an easy 100%;
- Proximity to overhead power lines – 71% of respondents said, "3 meters to 6 meters or more" (2020 - 83% / 2018 - 84.9% / 2016 - 78.7%). The minimum is 3 meters;
- Danger of tampering with electrical equipment – 97% of respondents said, "very dangerous" (2020 - 85% / 2018 - 89.6% / 2016 - 86.2%);
- Proximity to downed power lines – 76% of respondents said, "10 meters or more" (2020 - 78% / 2018 - 81.5% / 2016 - 75.4%). The 10 meters or more or the length of a school bus is the safe distance;
- Actions taken in a vehicle in contact with wires – 75% of respondents said, "stay in vehicle until told safe" (2020 - 81% / 2018 - 87.3% / 2016 - 85.0%). Again, a lower awareness of the public on the danger of trying to get out of the vehicle. This should have been an easy 100%.

The safety of the residents in the Town of Milton is one of Milton Hydro's core values and as indicated in the scores above, more attention is required to educate the public in the seriousness of electrical safety awareness.

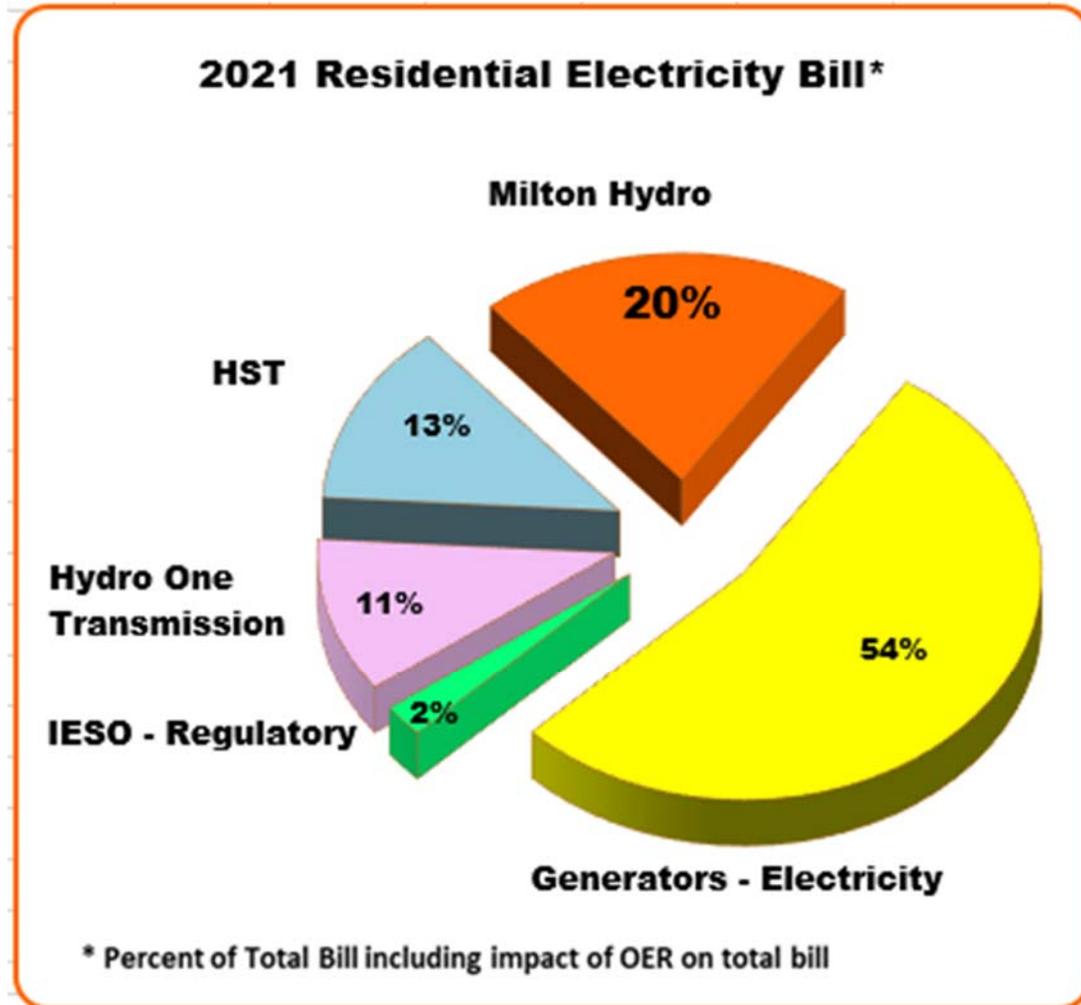
Customer Billings

Milton Hydro's Distribution Charges, which are billed to customers to fund the delivery of safe, reliable electricity to homes and businesses within the Town of Milton make up approximately 20% of a Residential customer's bill and even less on a General Service customer's bill. Milton Hydro's share of the bill is used to build new power lines with smart technology, purchase equipment such as vehicles and computers and provide for the operations, maintenance and administration of the distribution system to maintain peak efficiencies in operations.

Although Milton Hydro's invoices customers for all elements on the electricity bill, Milton Hydro only controls a minority portion of the total bill, i.e. 20% of a typical Residential customers bill. Milton Hydro bills the remaining 80% of the charges on behalf of the generators ("electricity"), the transmitters ("high voltage tower lines"), and the Independent Electricity System Operator ("market operations"). Each of these organization have their own rates set by the Ontario Energy Board.

In 2021 Milton Hydro operated its entire distribution system include poles and attachments, overhead and underground conductor, transformers, meters, operations and maintenance, billing and collections, and administration for **95 cents a day of the average residential customer's bill**. Over the years Milton Hydro has tightly controlled it's spending, keeping its share of the total residential bill to 20%; however, this approach is creating challenges as Milton Hydro continues to grow. Milton Hydro has been operating as a small-sized electricity distributor up until the present time. The new leadership team has determined that the utility needs to be transformed into a large-sized, customer-centric, digitally modern company, and to ensure its operations are sustainable going into the next decade as Milton Hydro is expecting a new wave of growth. Going forward, Milton Hydro is investing in its operations to right size its resource requirements, and digitally modernize its systems so that it may provide omni-channel services required by our customers, now and going forward as the utility enters this next phase of growth.

The following pie chart sets out Milton Hydro's share of an average monthly Residential Hydro Bill.



Milton Hydro will strive to provide high-value for money to our customers, continue to become more efficient, and automate more of its business processes to control costs while at the same time managing the business which is subject to ongoing government intervention to help enhance the customer experience in the Ontario electricity industry.

Service Quality

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

In 2021, Milton Hydro connected 100.00% of 878 residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (“OEB”) 90% of the time.

- **Scheduled Appointments Met On Time**

Milton Hydro received requests for 521 appointments in 2021 with its customers to complete work requested, meter reads, reconnects and various other requests. Milton Hydro continues to meet 100% of these appointments on time exceeding the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2021, Milton Hydro received 30,873 incoming calls from its customers or 124 calls per working day. Our Customer Service Representatives (“CSRs”) answered 76.24% of the calls within 30 seconds or less, an increase from the previous years statistic of 73.17% due in part to 9.9% lower call volumes experienced in 2021 as compared to the previous year’s 34,270 calls. 2021 continued to be a challenging year for the call center, with continued higher call volumes since the start of the pandemic as compared to pre-pandemic call volume levels. In addition, although more staff were working from the office in 2021 there were some continued technological challenges impacting the performance of the call-center, and the performance of the call center has not improved to pre-pandemic levels yet. As more CSRs work from the office the performance of the call centre will continue to improve. Although the pandemic impacted the degree to which staff could work from the office, and Milton Hydro’s call center performance was impacted; Milton Hydro continued to exceed its OEB target of answering more than 65% of the calls within 30 seconds or less by continuing to address the technological challenges, and through hiring of co-op and summer students during peak times in the year.

Customer Satisfaction

- **First Contact Resolution**

This measure can be defined in a variety of ways and further regulatory guidance is necessary to achieve meaningful comparable information across electricity distributors.

Milton Hydro tracks customer calls through its Customer Information System and if the call needs to be escalated or a second call is made then a separate tracking code is used. Milton Hydro was compliant with respect to this metric. It received 353 customer calls with complaints of which 352 were responded to on the first call.

- **Billing Accuracy**

In 2021 Milton Hydro issued 513,765 bills to customers of which 48 required corrections thereby achieving an accuracy rate of 99.99% exceeding the industry target of 98%. Milton Hydro runs consumption and dollar exception reports to identify bills to customers that may require reviewing before issuing them to customers which helps ensure a high degree of billing accuracy. These checks for billing accuracy continue to ensure that Milton Hydro's bills are near 100% accurate.

- **Customer Satisfaction Survey**

Between August 16, 2021 to September 12, 2021, Milton Hydro engaged UtilityPULSE to conduct a hybrid (telephone/online) Customer Satisfaction Survey to obtain actionable and measurable feedback from 402 of Milton Hydro residential, small business and commercial/industrial customers.

Over the past four years, Milton Hydro's has maintained an overall A rating (93%) for the UtilityPULSE Report Card, which provides customer perceptions about how your utility executes or performs its responsibilities. Based on the UtilityPULSE Report Card and overall Customer Satisfaction Survey results, customers consistently count on Milton Hydro to deliver reliable electricity at an appropriate cost, provide resourceful customer service, proactively communicate updates, and resolve issues quickly and efficiently.

The Customer Satisfaction Survey is part of Milton Hydro's ongoing commitment for proactive communication and customer satisfaction. Survey results are incorporated into Milton Hydro's planning process and forms the basis of plans to improve customer communication and satisfaction to meet the needs of customers.

Safety

- **Public Safety – see above for survey results –**

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

In 2015, the Ontario Energy Board (OEB) implemented the bi-annual Standardized Scorecard Public Awareness of Electrical Safety Questionnaire. In spring 2022, Milton Hydro engaged UtilityPULSE to conduct their fourth bi-annual Electrical Safety Awareness Survey to meet OEB requirements and to be a good steward of electrical safety. The purpose of the survey is to obtain actionable and measurable feedback from customers and assess/increase knowledge of electrical safety to residents in the Town of Milton. In UtilityPULSE's report published in March of 2022, Milton Hydro's Public Safety Awareness Index Score was 80%.

This survey and previous years' survey results show that many respondents have good knowledge or have received information pertaining to the 6 core measurement questions. In response to the survey results, Milton Hydro has developed communication plans to increase customers' knowledge around areas that need more awareness, such as proximity to downed power lines, especially during emergency outages. Social media campaigns and website updates are increasing awareness to Milton Hydro's customer base and the general public, and targeted email communications and letters are addressing customers specific safety concerns, such as maintaining electrical equipment on their property.

Milton Hydro contracted Simeon Go, an authorized ESA auditor, to perform an annual safety audit of Milton Hydro and the results for 2021 have been provided below under Components B and C.

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

For 2021 Milton Hydro continued to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by Milton Hydro's strong commitment to safety and adherence to company procedures & policies. Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

In 2021 no serious electrical incidents were reported. This resulted in a Serious Electrical Incident Index of 0.000 and reflects the efforts of multiple organizations across various sectors to educate both workers and the public on the dangers associated with electricity. Milton Hydro supports the ongoing efforts to educate, inform and raise the general public's and workers' electrical safety awareness.

System Reliability

System Reliability is measured over a five-year rolling average and Milton Hydro continues to deliver safe and reliable electricity. Milton Hydro plans its construction and maintenance to reduce the impact outages may have on the reliability of its distribution system.

Milton Hydro experienced 169 outages in 2021 affecting 23,878 customers compared to 173 outages in 2020 affecting 46,688 customers. The reason for the decrease in outages, duration and frequency of outages is explained below.

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

Milton Hydro experienced an average outage duration of 0.76 hours (45.6 minutes) that power to a customer was interrupted during 2021. Milton Hydro's 2021 performance was better than its own five-year outage duration average from 2017 – 2021 of 0.79 hours (47 minutes) of interruption, and its performance was better than its target of 0.98 hours (58.8 minutes) based on the average from 2011 - 2015.

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

Milton Hydro's average number of times that power to a customer is interrupted (i.e. Frequency) was 0.57 times per customer during 2021. Milton Hydro's 2021 performance was better than its own five-year outage average frequency per customer from 2017 – 2021 of 0.72 times per customer, and its performance was better than its target of 0.82 times per customer based on the average from 2011 - 2015.

The 2021 performance in System Reliability was at the middle range level during the period from 2017 to 2021. The 2020 performance in System Reliability was at the lowest level over the same time period. When comparing the 2021 to 2020 performance in System Reliability, the result is that in 2021, the number of customer interruptions were about half of what they were in 2020, and the number of customer hours of interruption were also about half of what they were in 2020. The majority of the improvement was due to a decrease in number of customer interruptions related to the i) Foreign interference and ii) Defective Equipment cause categories which accounted for 87% and 26% of the decrease, respectively. The total change was offset partially by a 26% increase in Adverse Weather events. The large interruptions in 2020 were due to the Defective Equipment cause category related to tap burn offs and pole fires. Also in 2020, a large outage was due to the Foreign Interference cause category related to motor vehicle accidents and metallic balloon contacts. The performance for 2020 appears to be anomalous as the 2021 performance in System Reliability was much better than the standard.

Asset Management

- **Distribution System Plan Implementation Progress**

Milton Hydro filed an Application with the OEB for a full review of its rates for 2016. As part of that Application, Milton Hydro filed its Distribution System Plan ("DSP") which provided a five-year plan for new distribution plant and renewal of aging distribution system plant to ensure the safe and reliable delivery of electricity and balance ratepayer and utility affordability.

Milton Hydro measures its progress of its DSP implementation over the five-year period and updates the plan as required to ensure a safe, and reliable supply of power.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario electricity local distribution companies are evaluated using a Model prepared by the Pacific Economics Group LLC (the “PEG Model”) on behalf of the OEB to produce a single efficiency ranking. The efficiency ranking is based on a three-year rolling average of performance using the current year’s performance and the previous two years performance. This three-year average performance will determine the efficiency ranking and placement of the distributor into one of five groups based on pre-defined parameters with Group 1 being the most efficient and Group 5 the least efficient.

In 2021 Milton Hydro’s efficiency ranking remained the same as 2020 which is Group 2 and this is indicative of above average efficiency.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Milton Hydro’s capital and operating costs and dividing this cost figure by the total number of customers that Milton Hydro serves. The cost performance result for 2021 of \$683 per customer is slightly higher than the 2020 cost performance result of \$682.

- **Total Cost per Km of Line**

Total cost per kilometer of line is calculated as the sum of Milton Hydro’s capital and operating costs and dividing this cost figure by the total kilometers of electricity distribution line. The cost performance result for 2021 is up by 0.6% from \$10,157 in 2020 to \$10,221 per kilometer of line.

Connection of Renewable Generation

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

Renewable generation includes generation from solar, wind, water and biomass of less than 10 MWs. Milton Hydro did not have any requests for a renewable generation connection impact assessment (“CIA”) in 2021 which is why the Scorecard is blank for this year.

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

Micro-embedded generation is typically roof top solar systems not exceeding 10 kW in size. Milton Hydro connected # new Micro-embedded Generation Facilities in 2021, on time 100% of the time

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.

In 2021, due to the refinancing of the \$14,934,260 Town of Milton promissory note and due to lower cash and cash equivalent balances of \$4,000,000 due to the deferral of a debt capital facility to Q2 2022, Milton Hydro's current ratio has temporarily declined to 0.80. Milton Hydro's short term debt facility was correspondingly increased to give Milton Hydro access to cash needed until the short term note with a financial institution is replaced. In the absence of the transactions to refinance the promissory note and the deferral of the debt capital facility Milton Hydro's current ratio would have been 1.67.

- **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. The deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

In 2021, Milton Hydro's Debt/Equity ratio was 1.26. In the absence of the deferral of the debt capital facility of \$4,000,000 Milton Hydro's debt/equity ratio would have been 1.35. Milton Hydro notes that the refinanced note payable of \$14,934,260 to the Town of Milton did not impact its Debt/Equity ratio as it is a component of the total debt in the computation of this ratio.

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

Milton Hydro's current distribution rates are approved by the OEB and include an expected (deemed) regulatory return on equity of 9.19%. 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**

Milton Hydro's regulatory return on equity for 2021 was 7.41%, which is 1.78% below its allowed return and remains within the +/-3% range (12.19% to 6.19%) allowed by the OEB.

The decrease in Milton Hydro's regulatory return on equity is a result of earning less regulated net income than Milton Hydro's deemed regulated income. Milton Hydro implemented its Milton Hydro 2.0 strategy in 2021 and the company hired additional staff and made necessary investments in digital systems. Milton Hydro continued to make the needed investments for system maintenance and capital in order to ensure a safe, reliable supply of electricity in the Town of Milton.

Note to Readers of 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 several 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 government legislative or regulatory developments, Ontario Energy Board approval or not approval of various applications, financial market conditions, general economic conditions, customer growth 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.