

Scorecard - Milton Hydro Distribution 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 | 96.50% | 99.60% | 96.76% | 99.61% | 99.88% | ↑ | 90.00% | |
| | | Scheduled Appointments Met On Time | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | → | 90.00% | |
| | | Telephone Calls Answered On Time | 96.30% | 96.70% | 96.52% | 93.87% | 84.44% | ↓ | 65.00% | |
| | Customer Satisfaction | First Contact Resolution | 97.4% | 89.5% | 94.2% | 99.2% | 100% | | | |
| | | Billing Accuracy | 99.98% | 99.99% | 99.96% | 99.99% | 100.00% | → | 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 | 82.00% | 82.00% | 84.00% | 84.00% | 84.00% | | | |
| | | 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 | → | |
| | 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 | 0.31 | 0.74 | 0.61 | 0.74 | 0.33 | ↓ | | 0.98 |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 0.23 | 0.59 | 0.49 | 0.83 | 0.58 | ↓ | | 0.82 |
| | Asset Management | Distribution System Plan Implementation Progress | on track | on track | on track | on track | on track | | | |
| | Cost Control | Efficiency Assessment | 3 | 3 | 3 | 2 | 2 | | | |
| | | Total Cost per Customer ³ | \$739 | \$723 | \$667 | \$683 | \$700 | | | |
| | | Total Cost per Km of Line ³ | \$25,946 | \$25,334 | \$9,673 | \$10,195 | \$10,390 | | | |
| 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 | 21.80% | 37.18% | 77.52% | 97.00% | 108.00% | | | 45.36 GWh |
| | Connection of Renewable Generation | Renewable Generation Connection Impact Assessments Completed On Time | 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) | 2.21 | 2.01 | 1.72 | 1.65 | 1.56 | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 1.34 | 1.33 | 1.25 | 1.24 | 1.28 | | | |
| | | Profitability: Regulatory Deemed (included in rates) | 9.58% | 9.19% | 9.19% | 9.19% | 9.19% | | | |
| | | Return on Equity Achieved | 7.68% | 9.87% | 9.45% | 10.45% | 6.74% | | | |

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

Appendix A – 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

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. Milton Hydro’s vision, Reliably Powering Our Community, supports the Scorecard requirements for service quality, customer satisfaction, public policy and financial stability. Reliably Powering Our Community focuses not only on the reliable supply of power or electricity but also to empower our community to participate in conservation and renewable generation. Milton Hydro is committed to be available to answer questions and to provide information to assist our customers as needed.

Milton Hydro values include Safety for both employees and the public, Innovation and Integrity.

In 2019, Milton Hydro met or exceeded all its industry performance targets as discussed below.

Milton Hydro’s System Reliability continues to be better than its five-year average. 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 representing a distributors performance.

Milton Hydro’s last Cost of Service Application (“CofS”) was 2016 and cost Milton Hydro \$385,000 and approximately 3,500 pages of documentation to support its application. Milton Hydro was due to file its next CofS Application in 2021, however, as provided in this Scorecard, Milton Hydro performed well in 2019, meeting all its performance targets and therefore requested and received approval from the OEB to postpone the requirement to file a CofS Application until 2022 at a considerable savings to Milton Hydro and its customers.

Customer Satisfaction

Milton Hydro, in common with all distributors in Ontario is required to reach out to customers with a satisfaction survey every two years. In 2019 Milton Hydro engaged UtilityPULSE to perform Milton Hydro's third Customer Satisfaction Survey to obtain actionable and measurable feedback from Milton Hydro customers. Once again Milton Hydro achieved an "A" rating from its customers.

This is what Milton Hydro customers had to say:



| Milton Hydro's UtilityPULSE Report Card® | | | | |
|---|-------------------------------|---------------------|-----------------|----------------|
| <i>Performance</i> | | | | |
| | CATEGORY | Milton Hydro | National | Ontario |
| 1 | Customer Care | A | B+ | B+ |
| | Price and Value | B+ | B+ | B+ |
| | Customer Service | A | A | 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 |

While customers stated that they were well served by Milton Hydro one concern that arose throughout the survey was the amount of the residential customer's bill. Milton Hydro has discussed this concern below under the heading Customer Billings.

Public Safety Awareness

Also, in common with all distributors in Ontario, Milton Hydro is required to reach out to customers with a public safety survey every two years. In 2020 Milton Hydro engaged UtilityPULSE to conduct its third public 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.

The survey and previous years' surveys of the public in the Town of Milton about electrical safety show many respondents do have good knowledge or have received some information pertaining to the six core measurement questions identified below.

Residents in the Town of Milton have a 2020 public awareness score of 82% which is lower than the 2018 score of 84% and the same as the 2016 score of 82%. While scoring well in all six questions, this does indicate that more communication to enhance electrical awareness knowledge is needed to improve public safety.

The survey included six core measurement questions:

- Likelihood to "Call Before You Dig" –74% of respondents said, "definitely or very likely". (2018 - 71.4 % & 2016 – 71.4%). Reminder that it is the Law to call;
- Impact of touching a power line – 97% of respondents said, "very dangerous" (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 – 83% of respondents said, "3 meters to 6 meters or more" (2018 – 84.9% & 2016 – 78.7%). The minimum is 3 meters;
- Danger of tampering with electrical equipment – 85% of respondents said, "very dangerous" (2018 – 89.6% & 2016 – 86.2%). While this should have been an easy 100%, there was a decline in the public's awareness of the danger of tampering with electrical equipment;
- Proximity to downed power lines – 78% of respondents said, "10 meters or more" (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 – 81% of respondents said, "stay in vehicle until told safe" (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.

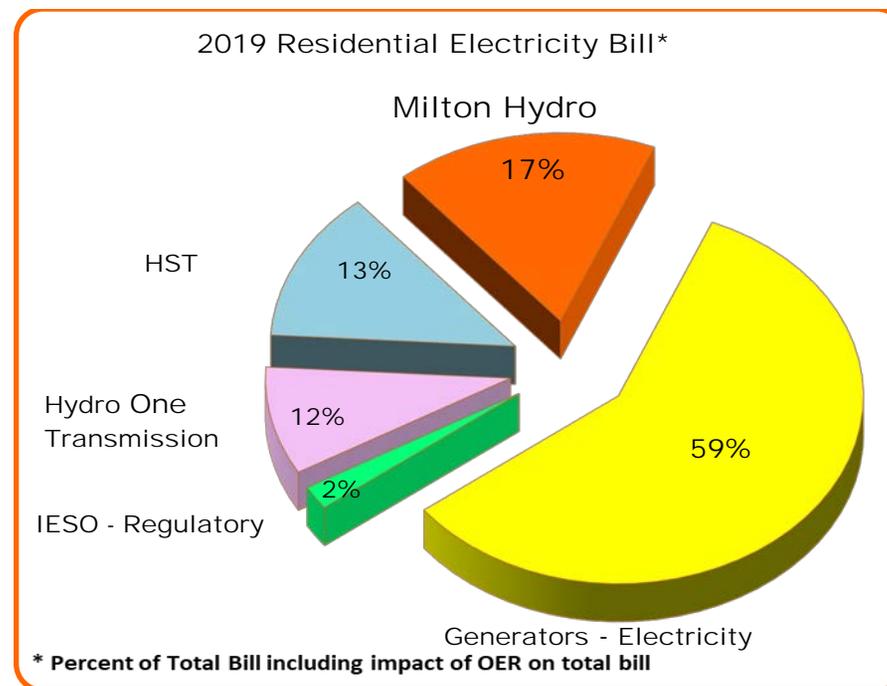
Customer Billings

Milton Hydro's Distribution Charges, which are required to provide the delivery of safe, reliable electricity to homes and businesses within the Town of Milton make up approximately 17% 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.

With Milton Hydro's name on the bill, customers are under the impression that all the rates charged are set by Milton Hydro. This is not the case. Milton Hydro bills the remaining 83% of the charges on behalf of the generators ("electricity"), the transmitter ("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 2019 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 **93 cents a day of the average residential customer's bill (95 cents a day in 2020)**. Over the years Milton Hydro has been diligent in its spending, keeping its share of the total residential bill to less than 20%.

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

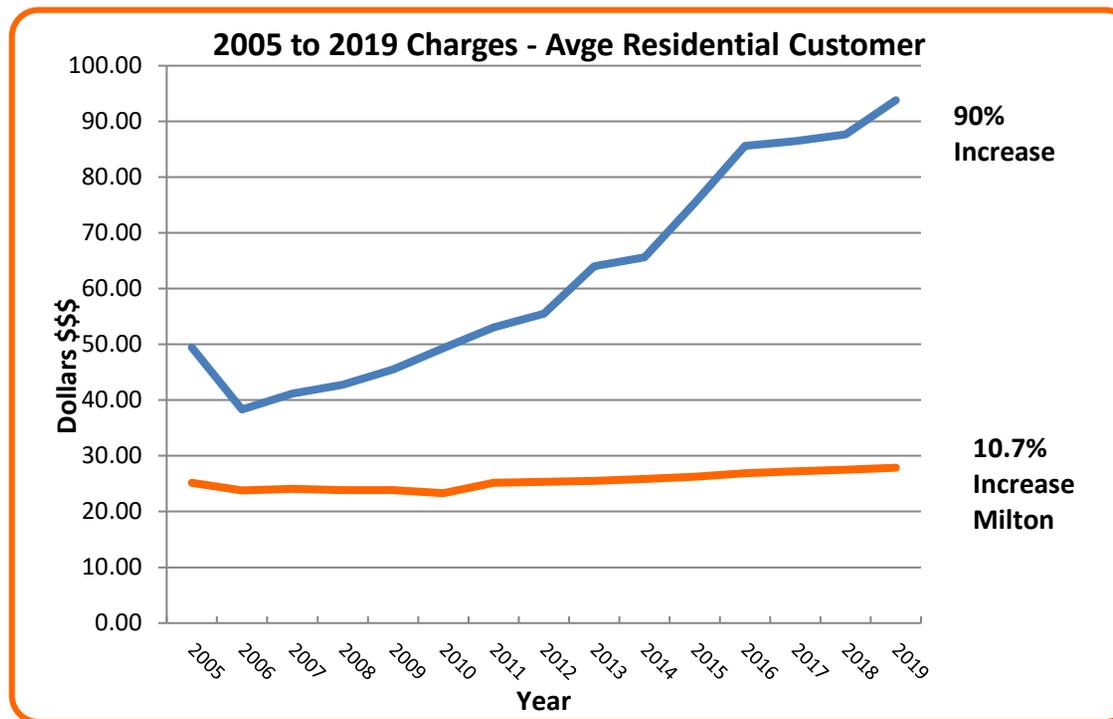


Milton Hydro will continue to be mindful of its costs and share of the total hydro bill keeping it as low as possible subject to further government intervention in the electricity industry.

Since 2005 Milton Hydro's residential rates have increased 10.7% over the last 14 years, which is significantly below the rate of inflation.

On the other hand, as shown in the graph below, the cost of electricity has increased 90% over the same period, representing 59% of the total residential bill.

Change in Milton Hydro Distribution Charges & Cost of Electricity



Service Quality

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

In 2019, Milton Hydro connected 99.88% of 862 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”) which is connection within five days 90% of the time.

- **Scheduled Appointments Met On Time**

Milton Hydro received requests for 351 appointments in 2019 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 2019, Milton Hydro received 24,292 incoming calls from its customers or 98 calls per working day. Our Customer Service Representatives (“CSR’s”) answered 84.44% of the calls within 30 seconds or less, slightly less than previous years due to modifications to Milton Hydro’s method of tracking calls. This result is met through the hiring of co-op and summer students during peak times ensuring that this result exceeds the 65% target set by the OEB.

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 received 164 customer calls with complaints which were responded to on the first call 100% of the time. This is primarily due to the Ontario Energy Board’s and the Provincial Government’s directive not to disconnect residential customers for non-payment between November 15 and April 30 of the following year. The staff normally used to collect payments from residential customers during, what is commonly referred to as the “Disconnection Ban Period”, were able to assist with customer calls.

- **Billing Accuracy**

In 2019 Milton Hydro issued 493,316 bills to customers of which 16 required corrections thereby achieving an accuracy rate of 100% exceeding the industry target of 98%. Milton Hydro runs consumption and dollar exception reports to catch accounts that may require reviewing before sending them out which ensures the accuracy of the billing. These checks for billing accuracy continue to ensure that Milton Hydro’s bills are near 100% accurate.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. The OEB is allowing electricity distributor's discretion as to how they implement this measure.

Milton Hydro engaged UtilityPULSE to perform Milton Hydro's third Customer Satisfaction Survey to obtain actionable and measurable feedback from Milton Hydro customers. This Customer Satisfaction Survey was undertaken in the fall of 2019.

The customer satisfaction survey is part of Milton Hydro's commitment for proactive communication and customer satisfaction. The UtilityPULSE survey reviewed responses from households, small and large businesses that pay or look after the electricity bills from Milton Hydro. Milton Hydro achieved an "A" rating in customer satisfaction. Customer comments and ratings are provided at the beginning of this Scorecard report.

This information is 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**

Milton Hydro engaged UtilityPULSE in the spring of 2020 to perform a Public Awareness of Electrical Safety Survey to obtain actionable and measurable feedback from residents in the Town of Milton. This was the third survey (the first was in 2015 and the second in 2018) for Milton Hydro and indicated that 82% of the public are aware of electrical safety hazards.

The Public Awareness Safety Survey results may be found on Milton Hydro's web page at www.miltonhydro.com . Milton Hydro also has a Safety and Outage section on its website page that customers may access safety information.

Milton Hydro hires AESI, Engineering and Management Consultants, to perform an annual safety audit of Milton Hydro and provide the results under Components B and C below.

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

For 2019 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 2019 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's System Reliability 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 151 outages in 2019 affecting 25,128 customers compared to 187 in 2018 affecting 33,412 customers. The table below provides a breakdown of the outages for each year.

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

Milton Hydro experienced an average of 0.33 hours (19.8 minutes) that power to a customer was interrupted during 2019. Milton Hydro's 2019 average is better than its five-year average (2015 – 2019) of 0.98 hours (58.8 minutes) of interruption.

- **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) is 0.58 times which is better than its five-year average (2015 – 2019) of 0.82 times that power was interrupted.

| 2018 vs 2019 Frequency of Customer Outages | | | | | |
|--|---------------------|--------------------------|--|------------------------|-----------------------------|
| Year | Total Outage Events | Total Customers Affected | # Customers Out by Cause (Events > 999 customers) | | |
| | | | <i>Defective Equipment</i> | <i>Adverse Weather</i> | <i>Foreign Interference</i> |
| 2018 | 187 | 33,412 | 19,521 | 2,409 | 6,032 |
| 2019 | 151 | 25,128 | 0 | 2,929 | 17,076 |

Note: 2018 Excludes Major Storm from May 4th

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 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, reliable supply of power.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity 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 2019 Milton Hydro’s efficiency ranking remained the same as 2018 which is Group 2 and 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 2019 is up by 2.5% from \$683 to \$700 per customer primarily due to increased capital spending required as the Town of Milton grows.

- **Total Cost per Km of Line**

This measure is also impacted by the increase in capital and operating costs as the Town of Milton continues to grow. A correction of the 2015 and 2016 Km of line length is not reflected in the scorecard for these years. The table below provides the accurate comparison of costs per kilometer of line for 2015 and 2016.

| Measure | 2015 | 2016 |
|---------------------------|----------|----------|
| Total Cost per Km of Line | \$10,791 | \$10,405 |

Conservation & Demand Management

- **2015-2020 CDM Target (GWh)**

Milton Hydro’s 2015 to 2020 Conservation and Demand Management six-year target was 45,360 MWhs (45.36 GWhs) as provided in the Scorecard Target. To date, Milton Hydro has achieved 108.00% of its six-year target in the first five years of the Conservation First Framework.

Milton Hydro exceeded its CDM target by in the first four months of 2019 before the Minister of Energy, Northern Development and Mines directed the IESO to discontinue the current 2015-2020 Conservation First Framework which resulted in the termination of the Energy Conservation Agreements between distributors and the IESO. The IESO was also directed to centrally deliver a reduced suite of energy-efficiency programs with a focus on business and industrial programs and continued programming for low-income consumers and Indigenous communities.

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 2019 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. This is no longer a measure included in the Scorecard.

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.

Milton Hydro’s current ratio declined slightly from 1.65 in 2018 to 1.56 in 2019. This is a result of annual fluctuations in current assets and liabilities. The decline is not considered significant to Milton Hydro.

- **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.

Milton Hydro’s 2019 debt to equity ratio of 1.28 is slightly higher than the 2018 debt to equity ratio of 1.24. Milton Hydro does not anticipate exceeding the 60/40 debt/equity ratio and is expected that the total debt will remain near the 60% level. The ratio is a factor in the budget approval process.

- **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 2019 was 6.74%, which is 2.45% 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 a decrease in regulated net income of \$611,000 from Milton Hydro's deemed regulated income. Milton Hydro saw lower customer growth, particularly in the residential class, which impacts distribution revenue. Despite lower customer growth planned system maintenance and capital must continue in order to ensure a safe, reliable supply of electricity in the Town of Milton.

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 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.