

Scorecard - Milton Hydro Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	99.60%	96.76%	99.61%	99.88%	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	96.70%	96.52%	93.87%	84.44%	73.17%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	89.5	94.2	99.2	100	Compliant				
		Billing Accuracy	99.99%	99.96%	99.99%	100.00%	100.00%	↑	98.00%		
		Customer Satisfaction Survey Results	A	A	A	A	A				
<b>Operational Effectiveness</b> 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%	84.00%	84.00%	84.00%	82.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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 <sup>2</sup>	0.74	0.61	0.74	0.33	1.52	↑		0.98	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.59	0.49	0.83	0.58	1.15	↑		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	2	2	2				
		Total Cost per Customer <sup>3</sup>	\$723	\$667	\$683	\$700	\$682				
		Total Cost per Km of Line <sup>3</sup>	\$25,334	\$9,673	\$10,195	\$10,390	\$10,157				
<b>Public Policy Responsiveness</b> 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%	100.00%			100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%			↔	90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.01	1.72	1.65	1.56	1.65				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.33	1.25	1.24	1.28	1.37				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	9.87%	9.45%	10.45%	6.74%	6.86%			

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.

Legend:

5-year trend  
 ↑ up   ↓ down   ↔ flat  
 Current year  
 ● target met   ● target not met

## Appendix A – 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](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 2020, Milton 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 2020, Milton Hydro met or exceeded all its industry performance targets with the exception of the System Reliability targets as discussed below.

Milton Hydro’s System Reliability declined in 2020 as compared to its five-year average from 2015-2019. The main cause for a decrease in Milton Hydro’s System Reliability relates to the Defective Equipment and Foreign Interference cause codes which accounted for 78% of the total number of customer interruptions and 85% of the total number of hours of customer interruptions. 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 in 2016. Milton Hydro was due to file its next CofS Application for its 2022 rate year, however, as indicated in this Scorecard, Milton Hydro performed well in 2020, meeting the majority of its performance targets and therefore requested and received approval from the OEB to postpone the requirement to file a CofS Application until January 1, 2023.

## 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. Milton Hydro achieved an "A" rating from its customers.

The 2019 survey results are shown in the table below.

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

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. Milton Hydro notes that it is preparing to undertake a Customer Satisfaction survey in the fall of 2021.

## **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**

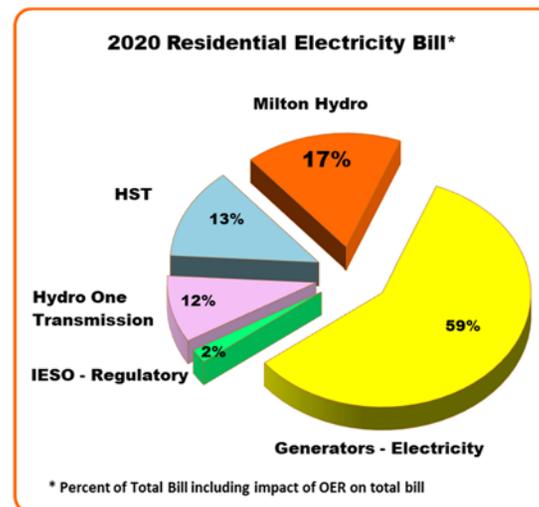
Milton Hydro's Distribution Charges, which are billed to customers to fund the delivery of safe, reliable electricity to homes and businesses within the Town of Milton make up approximately 17% of a Residential customer's bill and even less on a General Service customer's bill. Milton Hydro's share of 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.

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. 17% of a typical Residential customers bill. Milton Hydro bills the remaining 83% 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 2020 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 less than 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 is currently evaluating its operations and resources to determine what is needed to transform itself into a medium-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. Over the next two years Milton Hydro is self-investing in its operations to right size its resource requirements, and digitally modernize its systems so that it may provide omni-channel service required by our customers, now and going forward as we enter 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 our business processes to control costs while at the same time managing our 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 2020, Milton Hydro connected 100.00% of 855 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 375 appointments in 2020 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 2020, Milton Hydro received 34,270 incoming calls from its customers or 138 calls per working day. Our Customer Service Representatives (“CSR’s”) answered 73.17% of the calls within 30 seconds or less, a decline from the previous years statistic of 84.44% due to 41% higher call volumes experienced in 2020 as compared to the previous year’s 24,292 calls. 2020 was a challenging year for the call center, the high volume of calls in the year were attributable to the advent of the COVID-19 pandemic. During 2020, the government of Ontario initiated a number of programs to provide electricity rate relief to customers and financial assistance through the COVID-19 Emergency Assistance Program (CEAP) for residential and small business customers. In addition, the government of Ontario instituted customer choice with respect to giving low volume customers the option to choose between Time-of-Use Rates and Tiered Rates for electricity billing. The preceding contributed significantly to increasing the call volumes in 2020, which impacted performance in this metric. In addition, there have been some technological challenges impacting the performance of the call-center as the CSRs worked from home in 2020, during much of the pandemic, and then worked from home and the office on a rotational basis. Although a combination of unprecedented challenges were experienced, 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 352 customer calls with complaints

of which 349 were responded to on the first call.

- **Billing Accuracy**

In 2020 Milton Hydro issued 502,320 bills to customers of which 15 required corrections thereby achieving an accuracy rate of 100% 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 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. The last Customer Satisfaction Survey was undertaken in the fall of 2019, the next Customer Satisfaction Survey is being conducted in the fall of 2021.

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](http://www.miltonhydro.com) . Milton Hydro also

has a Safety and Outage section on its website page that customers may access safety information.

Milton Hydro contracts with AESI, Engineering and Management Consultants, to perform an annual safety audit of Milton Hydro and the results for 2020 have been provided below under Components B and C.

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

For 2020 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 2020 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 173 outages in 2020 affecting 46,688 customers compared to 151 outages in 2019 affecting 25,128 customers. The reason for the increase 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 1.52 hours (91.2 minutes) that power to a customer was interrupted during 2020. Milton Hydro's 2020 performance was less than the standard based on its own five-year outage duration average from 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) was 1.15 times per customer during 2020. Milton Hydro's 2020 performance was less than the standard based on its own five-year average from 2015 – 2019 of 0.82 times per customer that power was interrupted.

The 2020 performance in System Reliability was at the lowest level during the period from 2016 to 2020. The 2019 performance in System Reliability was at the highest level over the same time period. When comparing the 2020 to 2019 performance in System Reliability the result is that in 2020, the number of customer interruptions were about 2 times greater than what they were in 2019, and the number of customer hours of interruption were about 4.7 times greater than what they were in 2019. 80% of the increase in number of customer interruptions related to the i) Defective Equipment, and ii) Foreign Interference cause categories which accounted for 62.5% and 17.5% of the increases, respectively. In addition, 95.9% of the increase in the total customer hours of interruption also related to the i) Defective Equipment, and ii) Foreign Interference cause categories which accounted for 52.9% and 43.0% of the increases, respectively. The increases related to the Defective Equipment cause category related to tap burn offs and pole fires. In addition, the increases related 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 to date is well 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 2020 Milton Hydro’s efficiency ranking remained the same as 2019 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 2020 is down by 2.6% from \$700 to \$682 per customer primarily due to decreased capital spending in 2020.

- **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 2020 is down by 2.2% from \$10,390 to \$10,157 per kilometer of line. This measure is also impacted by the decreased capital spending in 2020. A correction of the 2016 kilometers of line length is not reflected in the scorecard for this year. The table below provides the corrected cost per kilometer of line for 2016.

Measure	2016
Total Cost per Km of Line	\$10,405

## 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 2020 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 increased slightly from 1.56 in 2019 to 1.65 in 2020. 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 2020 debt to equity ratio of 1.37 is moderately higher than the 2019 debt to equity ratio of 1.28. Milton Hydro does not anticipate exceeding the 60/40 debt/equity ratio and is it 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 2020 was 6.86%, which is 2.33% 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 \$947,994 less in regulated net income from Milton Hydro’s deemed regulated income. Milton Hydro saw somewhat 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 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 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.