

Scorecard - Kingston Hydro Corporation

10/7/2021

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	97.90%	100.00%	98.68%	99.73%	99.52%		90.00%		
		Telephone Calls Answered On Time	66.00%	68.76%	60.78%	64.63%	64.65%		65.00%		
	Customer Satisfaction	First Contact Resolution	98.86%	98.84%	98.96%	99.18%	99.06%				
		Billing Accuracy	99.75%	97.09%	99.71%	92.04%	99.57%		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	80.00%	79.00%	80.00%	79.00%	82.00%				
		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	1	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.042
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.32	1.40	1.50	0.88	1.57			1.03	
		Average Number of Times that Power to a Customer is Interrupted ²	0.59	1.07	1.00	0.73	0.87			0.95	
	Asset Management	Distribution System Plan Implementation Progress	On track	on track	On track	Trending Up	On track				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$531	\$538	\$583	\$574	\$562				
		Total Cost per Km of Line ³	\$43,562	\$44,400	\$48,238	\$47,559	\$46,486				
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									
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.10	1.84	1.57	1.47	1.69				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.36	1.41	1.10	1.11	1.12				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	6.43%	7.82%	7.48%	9.50%	7.25%			

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

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%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Kingston Hydro presents its scorecard for the year 2020. The scorecard measures how well Ontario's electricity distributors are performing each year, with respect to customer focus, operational effectiveness, public policy responsiveness, and financial performance.

Utilities Kingston manages the assets of Kingston Hydro Corporation, along with municipal water, wastewater and gas utilities. This unique multi-utility model is a major contributor to Kingston Hydro’s strengths in customer service, safety, and financial and operating efficiency.

In 2020, the global COVID-19 crisis affected our company like nothing else has. In just a few months’ time, COVID-19 necessitated tremendous change in the way companies in all sectors and regions do business, and Utilities Kingston was no exception. Our employees adapted through various challenges, to ensure our customers and the community could continue to rely on the services provided by Utilities Kingston.

Persevering through the pandemic, in 2020 Kingston Hydro continued to perform strongly against the performance targets for the measures set out by the Ontario Energy Board (OEB).

Early in the pandemic, Utilities Kingston proclaimed an updated, temporary corporate mission: **to protect the health and safety of employees and the public, while ensuring the delivery of basic utility services that the community relies on.**

Recognized in the industry for our safety leadership, health and safety continues to be an important focus for our organization. Our health and safety management system reduces accidents and injuries, ensures safe work environments, educates the public about electrical safety and furthers a culture of safety. Utilities Kingston and Kingston Hydro performed well against many of the targets under the Safety category.

Throughout the pandemic, Utilities Kingston has focused on keeping employees and customers safe. In 2020, we developed 18 COVID-19 risk assessments, policies and procedures, and reported zero cases of COVID-19 in the workplace. Health and safety continues to be our number one focus.

We partnered with our customers to support them through this difficult time. Unfortunately, the economic downturn has had a disproportionate impact on some segments of the population. This, coupled with more people working and using increased utilities from home, is impacting utility customers across the province. From offering flexible payment plans to supporting government programs and changes, our team worked hard to offer pandemic relief and work with our customers who were most impacted.

We did not meet our *Telephone Calls Answered On Time* measure in this year. Leading up to 2020, Utilities Kingston had planned to implement operational changes at our contact centre, which were intended to improve performance on Service Quality measures. The pandemic delayed these plans to November 2020 and impacted our results. Once operational changes were implemented, service quality data from November to December improved and we feel confident that Utilities Kingston will meet this target in 2021.

System reliability is also a key focus for Utilities Kingston. We track all electricity outages and strive to reduce the length of time that they affect customers. While in 2020 we met our System Average Interruption Frequency Index (SAIFI) target, we did not meet our System Average Interruption Duration Index (SAIDI) target in the Safety performance category.

A single event involving end-of-life equipment contributed 24.3 per cent of the annual SAIDI in 2020, while defective equipment continues to be the main contributor to a high five-year rolling average. We continue to focus on infrastructure renewal to ensure customers can rely on Kingston Hydro's electricity services in the future.

In terms of cost control, we manage costs to ensure our customers receive value for the cost of the service. Kingston Hydro's total operating, maintenance and administrative expenses per customer for 2020 are significantly below provincial averages, and partly a reflection of the cost-saving scope economy benefits of our unique multi-utility model.

Utilities Kingston is committed to continually improve its service to customers. On behalf of Kingston Hydro, it continues to monitor performance, with a focus on safe, reliable and efficient services. Our customers and community can count on us to be safe and reliable.

Service Quality

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

- Utilities must connect new service for the customer within five business days, 90 per cent of the time, unless the customer agrees to a later date. Kingston Hydro exceeded this target for the 215 new low voltage (less than 750 volts) services connected in 2020. As in previous years, 100 per cent of these services were connected within the target of five working days (from the time all required permits were issued).

- **Scheduled Appointments Met On Time**

- For appointments during the utility's regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90 per cent of the time. Customers make appointments with Utilities Kingston, on behalf of Kingston Hydro, for a variety of reasons, including for meter changes, service upgrades, and utility locates. Utilities Kingston strives to complete all requested appointments within five business days, and understands that being on time is important to deliver reliable customer service. In 2020, 209 of 210 (99.52 per cent) of scheduled appointments were met on time, surpassing the target of 90 per cent and similar to the 2019 result.

- **Telephone Calls Answered On Time**

- During regular call centre hours, the utility's call centre staff must answer phone calls within 30 seconds of receiving the call directly, or having the call transferred to them, 65 per cent of the time.
- In 2020, customer service representatives answered a total of 51,490 calls, a reduction of 15.3 per cent from 2019 call volume.
- 64.65 per cent of calls (33,288) were answered within 30 seconds. We continue to focus efforts on improving this metric year over year.
- Leading up to 2020, Utilities Kingston had planned to implement operational changes at our contact centre, which were intended to improve performance on Service Quality measures. The pandemic delayed these plans to November 2020 and impacted our results. Once operational changes were implemented, service quality data from November to December improved.
- We recognize the importance of being available for our customers and expect to meet these targets in 2021.

Customer Satisfaction

- **First Contact Resolution**

- Utilities should aim to address their customers' needs as quickly as possible. Ideally, their concerns and issues are resolved the first time the customer contacts the utility.
- For Utilities Kingston, this is a measure of the number of times a customer inquiry/request, related to their account, is handled by the first person to receive the contact.
- 99.06 per cent of contacts were answered without having to transfer to another staff member, a negligible decrease over the 2019 result of 99.18 per cent. First contact resolution is closely monitored to ensure that front line staff members have the information and

tools available so they can effectively address customer inquiries.

- **Billing Accuracy**

- An important part of business is ensuring that customer bills are accurate. An accurate bill provides customers the right information, the first time.
- For 2020, Utilities Kingston issued 346,767 bills on behalf of Kingston Hydro Corporation, with an overall billing accuracy of 99.57 per cent, an improvement over the previous year. This was above the industry standard threshold of 98 per cent of all bills being accurate.

- **Customer Satisfaction Survey Results**

- Utilities use different ways to determine how satisfied their customers are with the service they receive. Distributors are required to report their results every second year, at a minimum.
- A customer satisfaction survey was conducted by UtilityPulse on behalf of Kingston Hydro from August 22 – September 14, 2019 and the results are based on telephone interviews with 400 customers (both residential and commercial).
- An overall rating of 'A' was reported in 2019, consistent with the previous surveys conducted in 2014 and 2016.
- Highlighted in the 2019 Customer Satisfaction Survey was an overall satisfaction rate of 95 per cent, supported by a 91 per cent rating for trustworthiness. The Utilities Kingston overall credibility and trust score is 89 per cent, which exceeded the provincial and national benchmark of 84 per cent. The next customer satisfaction survey is being carried out in August to September of 2021.

Safety

- **Public Safety**

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

In January 2020, a public awareness telephone survey was carried out among 400 members of the public, residing in Kingston Hydro's distribution area. The survey followed the requirements established in *Appendix B: Biannual Standardized Scorecard Public Awareness of Electrical Safety Telephone Questionnaire*, published by the OEB on November 25, 2015.

The survey yielded an overall Public Safety Awareness Index Score of 82 per cent (an increase of three per cent from the 2018 survey result of 79 per cent), demonstrating that many people do have good knowledge or have received some information pertaining to the six core measurement questions. The next survey for Public Awareness of Electrical Safety will be carried out in 2022.

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

For the year 2020, as in previous years, Kingston Hydro was fully compliant with the *Ontario Electrical Distribution Safety Regulation 22/04*. This is substantiated through the annual independent *Audit of Compliance and Declaration of Compliance*, as well as the

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

Results				Target
Number of Incidents	km of Line	Rate Default Value	Serious Incident Index	Serious Incident Index
0	335	100	0.000	0.042

For the reporting period, Kingston Hydro did not have any serious electrical incidents.

System Reliability

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

Kingston Hydro tracks all electricity outages and strives to reduce the length of time they affect customers. The average of 1.57 hours on the scorecard includes both planned interruptions necessary to conduct work safely (0.26 hours) and unplanned/emergency power disruptions (1.31 hours).

Kingston Hydro satisfied the System Average Interruption Frequency Index (SAIFI) target of 0.95 for 2020. However, the target score for System Average Interruption Duration Index (SAIDI) of 1.03 hours in 2020 was not achieved.

A single event contributed 24.3 per cent of the annual SAIDI in 2020. A 44 kV oil circuit breaker at Municipal Substation No. 2 failed, causing a power outage to 3,041 customers, for a total of 10,593 customer-hours of interruptions, or 0.38 in SAIDI. This was the second such failure in recent years.

Seven end-of-life 44kV oil circuit breakers remain in service in the Kingston Hydro service area. The utility plans to replace four 44kV oil circuit breakers by 2027. This highlights the importance of the continued focus on infrastructure renewal, ensuring that customers can rely on Kingston Hydro’s electricity services for the future.

In 2020, defective equipment (0.66 hours), tree contact (0.36 hours) and adverse weather (0.18 hours) were the primary causes of interruptions.

Recognizing the importance of system reliability, Kingston Hydro strives to improve these areas for 2021 and beyond. The utility

remains focused on proactive tree trimming, preventative inspection, and infrastructure renewal programs. By relocating pole lines (to behind the curb) and using protective coverings, Kingston Hydro will help reduce interference from motor vehicle collisions and animals.

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

On this measure, the average of 0.87 in 2020 and the current five-year rolling average of 0.85 all meet our target of 0.95. The utility continues to prioritize the safety and reliability of its electricity services.

Asset Management

- **Distribution System Plan Implementation Progress**

Kingston Hydro completed its Distribution System Plan (DSP) in 2015 as part of its 2016 Custom Incentive Rate-Setting (Custom IR) rate application submission to the Ontario Energy Board (OEB) (EB-2015-0083). The DSP outlines the forecasted capital expenditures, from 2016 to 2020, required to maintain and expand Kingston Hydro’s electricity system to serve its current and future customers. The DSP also includes the supporting asset management rationale used to develop the annual forecasted capital expenditures.

Throughout 2020, the DSP guided Kingston Hydro’s capital expenditures; however variances by investment category are to be expected due to the dynamic and ever-changing nature of competing investment priorities. The following tables summarize these variances:

Table 1 – 2020 Net Capital Additions by OEB Investment Category

Investment Category	Actual \$	DSP Forecast \$	Variance \$
System Access	\$713,523	\$364,238	\$349,285
System Renewal	\$3,136,879	\$3,054,210	\$82,669
System Service	\$25,040	\$185,836	-\$160,796
General Plant	\$45,342	\$298,266	-\$252,924
Total	\$3,920,784	\$3,902,550	\$18,234

***NOTE: Net Capital Additions = Total Actual Expenditures less Contributions**

Table 2 – 2020 Capital – Percentages by OEB Investment Category

Investment Category	% Actual Total	% DSP Forecast Total	% Variance of Actual wrt Forecast Category	% Variance of Actual wrt Forecast Total
System Access	18.20%	9.33%	95.89%	8.95%
System Renewal	80.01%	78.26%	2.71%	2.12%
System Service	0.64%	4.76%	-86.53%	-4.12%
General Plant	1.16%	7.64%	-84.80%	-6.48%
Total	100.00%	100.00%		0.47%

The System Access variance of 95.89 per cent (\$349,285) between the actual and forecast amount is attributed to meter replacements due to seal expiration and smart meter communication upgrades (e.g., Regional Network Interface upgrades), which are deemed necessary and beyond the control of Kingston Hydro. When compared to the total DSP budget forecast amount, System Access expenditures represent an 8.95 per cent overall budget variance.

The System Service variance of -86.53 per cent (-\$160,796) between the actual and forecast amount is attributed to deferral of a coordination study of dedicated feeder protections at Frontenac Transmission Station. When compared to the total DSP budget forecast amount, System Service contributes -4.12 per cent to the overall budget variance.

The General Plant variance of -84.80 per cent (-\$252,924) between the actual and forecast amount is attributed to deferral of upgrades to financial management, customer information and customer relationship management systems. When compared to the total DSP forecast amount, General Plant contributes -6.48 per cent to the overall budget variance.

The majority of Kingston Hydro's capital investment planning (80 per cent of total actual expenditures) continues to focus on System Renewal, which involves replacing and/or refurbishing system assets to extend the original service life of the asset and thereby maintain the ability of the electrical system to provide safe and reliable electrical service to customers. The System Renewal variance of 2.71 per cent (\$82,669) between the actual and forecast amount is slightly more than Kingston Hydro's \$65,000 threshold of materiality and cannot be easily attributed to any specific project. When compared to the total DSP forecast amount, System Renewal contributes 2.12 per cent (\$82,669) to the overall budget variance, which demonstrates Kingston Hydro's ability to responsibly manage a large number of system renewal projects with varying scope and scale.

Kingston Hydro considers the total annual capital expenditures for 2020 to be "on track" with the Kingston Hydro DSP. The overall variance of 0.47 per cent (\$18,234) is well below Kingston Hydro's materiality threshold of \$65,000.

Cost Control

- **Efficiency Assessment**

- The utility must manage its costs successfully to help ensure customers receive value for the cost of the service. Utilities' total costs are evaluated to produce a single efficiency ranking. Total costs for Ontario LDCs are evaluated by the Pacific Economics Group on behalf of the OEB to divide LDCs into five groups, depending on the difference between their predicted and their actual costs.
- For the ninth consecutive year, in 2020, Kingston Hydro maintained an efficiency assessment of Group 3, meaning Kingston Hydro's actual costs continue to be within +/-10 per cent of predicted costs. Group 3 is considered average efficiency.
- Kingston Hydro's total costs in 2020 were 2.3 per cent lower than 2019 compared to an industry average reduction of 0.93 per cent.
- Kingston Hydro's total costs were 6.8 per cent under expected costs compared to an industry average of 11.3 percent under expectations. Infrastructure renewal continues to be the focus of where funds are spent.
- For the three-year period 2018 through 2020, Kingston Hydro's actual costs have been less than predicted by an average of 3.1 per cent, compared to an average of -8.4 per cent for the industry.
- Kingston Hydro continues to manage its expenditures to ensure efficiencies will be maintained at a minimum of Group 3.

- **Total Cost per Customer**

Total cost per customer is the sum of all the capital and operating costs incurred by Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total number of customers.

Kingston Hydro's result for 2020 is \$562 per customer, a 2.1 percent decrease over 2019. This follows a 2019 decrease of 1.5 percent after an increase of 8.4 percent in 2018. Total operating, maintenance and administrative expenses per customer for Kingston Hydro was \$266 per customer, compared to an industry average of \$324 per customer.

- **Total Cost per km of Line**

Total cost per km of line is the sum of all the capital and operating costs incurred by the Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total kilometres of line.

Kingston Hydro's result for 2020 is \$46,486 per kilometre of line, compared to the 2019 cost of \$47,559 per kilometre of line. This amount decreased by 2.2 per cent for the reasons noted above. Overall, these costs are expected to increase on a yearly basis, as

Kingston Hydro replaces old, fully-depreciated infrastructure with new infrastructure.

Kingston Hydro's 2016 Custom IR rate application has outlined capital and operating costs estimates for the 2016 through 2020 period.

Connection of Renewable Generation

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

Kingston Hydro did not receive any requests from customer for connection of renewable generation requiring a condition impact assessment in 2020.

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

One micro-embedded generation facility connected in 2020, and it was connected within the required timeframe.

Financial Ratios

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

A common way of measuring the financial health of a company is through financial ratios.

This first ratio measures whether or not the utility has enough resources (assets) on hand at a particular point in time to pay the debts that could become due over the next 12 months. Kingston Hydro's Current Ratio is at 1.69:1.00 (compared to 1.47:1.00 in 2019), as at December 31, 2020. This indicates that for every \$1.00 of short-term liabilities due, Kingston Hydro has \$1.69 of assets available to fund those payments.

This ratio will fluctuate somewhat on a year-to-year basis, but should remain within the range of 1.4:1.0 to 1.9:1.0.

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

This measures the degree to which the utility is leveraging itself through its use of borrowed money.

The OEB uses a deemed capital structure (debt:equity) of \$1.50 to \$1.00. This means that for \$1.00 invested in infrastructure, the company's deemed regulatory capital financing structure is 60 per cent funding with new debt and 40 per cent with available cash.

Kingston Hydro's debt:equity ratio is \$1.12 to \$1.00. This means that for every \$1.00 the company has invested in assets, 53.1 per cent has been funded with debt and 46.9 per cent has been funded with equity. Over the 2016-2020 period, as the company continues to invest in infrastructure, Kingston Hydro expects this ratio to move toward \$1.50:1.00 as it borrows more money to finance capital infrastructure.

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

Return on equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the OEB. Kingston Hydro's current approved deemed return on equity is 9.19 per cent, which was awarded in its latest cost of service proceeding for 2016 – 2020 rates.

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

This shows the utility's actual return on equity earned each year for the period 2015 through 2019. Kingston Hydro achieved a return on equity of 7.25 per cent for 2020, down from 2019. This return on equity is within 300 basis points of our deemed return on equity.

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 a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.