

Scorecard - Kingston Hydro Corporation

9/1/2022

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	100.00%	100.00%	100.00%	100.00%	100.00%		90.00%		
		Scheduled Appointments Met On Time	100.00%	98.68%	99.73%	99.52%	99.59%		90.00%		
		Telephone Calls Answered On Time	68.76%	60.78%	64.63%	64.65%	77.43%		65.00%		
	Customer Satisfaction	First Contact Resolution	98.84%	98.96%	99.18%	99.06%	98.68%				
		Billing Accuracy	97.09%	99.71%	92.04%	99.57%	95.81%		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	79.00%	80.00%	79.00%	82.00%	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	1	0	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	1.40	1.50	0.88	1.57	1.41			1.33	
		Average Number of Times that Power to a Customer is Interrupted ²	1.07	1.00	0.73	0.87	2.10			0.85	
	Asset Management	Distribution System Plan Implementation Progress	on track	On track	Trending Up	On track	On track				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$538	\$583	\$574	\$562	\$543				
		Total Cost per Km of Line ³	\$44,400	\$48,238	\$47,559	\$46,486	\$45,552				
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									
		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)	1.84	1.57	1.47	1.69	1.69				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.41	1.10	1.11	1.12	1.10				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	7.82%	7.48%	9.50%	7.25%	8.39%			

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

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](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 2021. 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, operates and maintains 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.

From our award-winning safety programs to high customer satisfaction scores, Utilities Kingston maintains a strong reputation in meeting or exceeding regulatory requirements, responsiveness to community needs, reliable customer service and cost-saving efficiencies. In 2021, Kingston Hydro continued to perform strongly against the performance targets for the measures set out by the Ontario Energy Board (OEB).

The results of the 2021 customer satisfaction survey are in, and we’re proud that we have maintained our overall customer satisfaction score of ‘A’. Highlights:

- Customer satisfaction – 96 per cent (Ontario benchmark 93 per cent)
- Provides reliable electricity – 95 per cent (Ontario benchmark 90 per cent)
- Quickly restores power – 91 per cent (Ontario benchmark 87 per cent)
- Adapts well to customer expectations – 87 per cent (Ontario benchmark 83 per cent)

- Keeps its promises to its customers and community – 82 per cent (Ontario benchmark 76 per cent)

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 promotes a culture of safety. Kingston Hydro performed well against the targets under the Safety category. In 2021, we introduced our mandatory online e-Learning Safety Days program, preparing contractors for a safe construction season.

Our team continues to demonstrate its commitment to customer focus. From offering flexible payment plans to supporting government programs and priorities, our team worked hard to offer pandemic relief and work with our customers who were most impacted by the economic downturn. We are especially proud of the progress made on the service quality metric *Telephone Calls Answered On Time*. Working closely with our contact centre, we implemented operational improvements and are now exceeding the industry target for this metric.

One area of improvement falls under the *Customer Focus* performance outcome: billing accuracy. In 2021, we did not meet the industry target for this measure. Yet, we understand the importance to customers of receiving accurate bills that provide the right information, the first time. This measure was impacted by two issues, brought about when a new rate was created. The issues were subsequently reviewed and resolved. We have enhanced the review of rate implementation, to help prevent similar issues from occurring in the future.

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. In 2021, we did not meet our System Average Interruption Frequency Index (SAIFI) or System Average Interruption Duration Index (SAIDI) targets in the Safety performance category.

A 44 kV customer-owned equipment failure contributed 35.5 per cent of the annual SAIDI and 18.1 per cent of the annual SAIFI. Meanwhile, during a thunderstorm, a number of trips on multiple 44 kV feeders contributed 31 per cent of the annual SAIFI.

While, in 2021, a significant percentage of SAIFI and SAIDI were caused by circumstances beyond our control, Kingston Hydro recognizes the importance of system reliability, and will strive to improve these areas in the future. The utility remains focused on proactive tree trimming, preventative inspection, and infrastructure renewal programs.

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 2021 are significantly below provincial averages, and partly a reflection of the cost-saving economic benefits of scope through our unique multi-utility model.

One project, completed in 2021, that highlights our commitment to both system reliability and cost-saving efficiencies, is the upgrade of Municipal Substation No. 1 (MS1), which is now supplying power to Kingston's downtown core. This critical community investment will

strengthen the vitality, growth and development of Kingston's downtown, university and hospital district for decades to come. The project was initiated in 2015 and was completed ahead of the anticipated completion in 2023. The upgrades were made almost entirely by Utilities Kingston's substation electricians, which resulted in cost savings for the project. Our staff completed design and engineering, electrical construction and installation, building work and replaced end-of-life electrical equipment within the substation, some of which had been in operation for over 65 years.

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

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 328 new low voltage (less than 750 volts) services connected in 2021. 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 2021, 484 of 486 (99.59 per cent) of scheduled appointments were met on time, surpassing the target of 90 per cent and similar to the 2020 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 2021, customer service representatives answered a total of 48,328 calls, a reduction of 6.1 per cent from 2020 call volume.
- 77.43 per cent of calls (37,420), an increase over 64.65 per cent in 2020, were answered within 30 seconds. We continue to focus efforts on improving this metric year over year.
- Operational changes at our contact centre that were planned and delayed in 2019 and early 2020 were implemented in Q4 2020. These changes were made to improve our performance on Service Quality measures and those results are reflected in the improved results for telephone accessibility in 2021.
- We have worked closely with our contact centre to make improvements and ensure that we are reaching and exceeding the service

level expectations going forward. The results for 2021 are a great improvement over our previously reported results.

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.
- 98.68 per cent of contacts were answered without having to transfer to another staff member. 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 2021, Utilities Kingston issued 347,835 bills on behalf of Kingston Hydro Corporation, with an overall billing accuracy of 95.81 per cent, a decrease from 2020. This fell below the industry standard of 98 per cent of all bills being accurate.
- Billing accuracy results were impacted by two issues identified and resolved, which resulted in bill adjustments during November and December for both a 24-bill timeframe and a three-bill timeframe:
 - An issue with a group of interval-metered customers that receive the one per cent primary metering allowance affected bill presentment kilowatt hours displayed, and an over-charge to commodity, only whereby the calculation did not apply the one per cent primary metering allowance.
 - The second issue was an incorrect global adjustment modifier price, affecting some non-Regulated Price Plan customers receiving this rate.

• **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 26 to October 5, 2021 and the results are based on telephone interviews with 400 customers (both residential and commercial).
- An overall rating of 'A' was reported in 2021, consistent with the previous surveys conducted in 2014, 2016, and 2019.
- Highlighted in the 2021 Customer Satisfaction Survey was an overall satisfaction rate of 96 per cent, supported by a 91 per cent rating for delivering on its service commitments to customers. The Utilities Kingston overall credibility and trust score is 88 per cent, which exceeded the provincial and national benchmark of 84 per cent.

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 2020 results are used for the reporting year of 2021, with the next survey for Public Awareness of Electrical Safety to be carried out in 2022.

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

For the year 2021, 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 *Electrical Safety Authority Due Diligence Inspections (DDI)* and *Reports of Public Safety Concerns*.

- **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 1.41 hours on the scorecard includes both planned interruptions necessary to conduct work safely (0.15 hours) and unplanned/emergency power disruptions (1.26 hours).

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

On this measure, the average of 2.1 includes both planned interruptions (0.11) and unplanned interruptions (2.0).

The target scores for System Average Interruption Duration Index (SAIDI) of 1.41 hours and System Average Interruption Frequency Index (SAIFI) of 2.1 in 2021 were not achieved.

A 44 kV customer-owned equipment failure contributed 35.5 per cent of the annual SAIDI and 18.1 per cent of the annual SAIFI in 2021. A cable termination failed in a customer-owned substation on March 5, 2021. This failure, which was beyond our control, disrupted power to 10,716 customers and caused 13,873 customer-hours of interruptions, or 0.50 in SAIDI and 0.38 in SAIFI.

During a thunderstorm, a number of trips on multiple 44 kV feeders contributed 0.65 in SAIFI or 31 per cent of the annual SAIFI in 2021. A total of four 44 kV feeders were involved in this outage.

Overall in 2021, foreign interference (0.56 hours), defective equipment (0.24 hours) and tree contact (0.14 hours) were the primary causes of interruptions.

Recognizing the importance of system reliability, Kingston Hydro strives to improve these areas for 2022 and beyond. The utility remains focused on proactive tree trimming, preventative inspection, and infrastructure renewal programs.

Asset Management

- Distribution System Plan Implementation Progress**

Kingston Hydro's five-year capital plan for the 2016-2020 timeframe was filed in 2015 with its first Distribution System Plan (DSP) as part of its 2016 Custom Incentive Rate Setting (Custom IR) rate application. Normally, the OEB expects distributors to update their DSP every five years, but Kingston Hydro requested and received authorization from the OEB to defer the submission of its current DSP from April 2020 to June 2022 due to the COVID-19 pandemic. For the 2021 and 2022 timeframe, Kingston Hydro filed for mechanistic rate changes through the Incremental Rate Making (IRM) application process. Kingston Hydro's most recent five-year capital plan for the 2023-2027 timeframe was filed in June 2022, with its second DSP as part of its 2023 one-year rebasing rate application.

Throughout 2021, the capital plan established under the 2021 IRM 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 the variance between the 2021 forecast and the 2021 actual net capital additions by OEB investment category:

Table 1 – 2021 Actual and Forecast Capex Variance Analysis

Investment Category	Actual Net Capex\$	IRM Forecast \$	Variance \$
System Access	\$671,213	\$833,388	-\$162,175
System Renewal	\$3,208,711	\$3,457,000	-\$248,289
System Service	\$379,947	\$15,000	\$364,947
General Plant	\$362,709	\$707,000	-\$344,291
Total	\$4,622,581	\$5,012,388	-\$389,807

Table 2 – 2021 Actual and Forecast Percentage Capex Variance Analysis

Investment Category	% Actual Total	% DSP Forecast Total	% Variance of Actual wrt Forecast Category	% Variance of Actual wrt Forecast Total
System Access	14.52%	16.63%	-19.46%	-3.24%
System Renewal	69.41%	68.97%	-7.18%	-4.95%
System Service	8.22%	0.30%	2432.98%	7.28%
General Plant	7.85%	14.11%	-48.70%	-6.87%
Total	100.00%	100.00%		-7.78%

NOTE: The 2021 forecast did not include a capital contribution forecast therefore the variance is analyzed with respect to the 2021 actual net capital expenditures (exclusive of capital contributions).

The System Access variance of -19.46 per cent (-\$162,175) between the actual and forecast amount is attributed to the ongoing COVID pandemic, which has delayed or slowed the completion of several pending developments.

The System Service variance of 2433 per cent (\$364,947) between the actual and forecast amount is attributed to the advancement of two 5 kV line rebuild projects to facilitate a 13.8 kV voltage conversion and provide additional line capacity for new development. When compared to the total forecast amount, System Service contributes 7.28 per cent to the overall budget variance. System Service expenditures have historically been relatively low, but are expected to increase over the next few years due to an increase in new development.

The General Plant variance of -48.7 per cent (-\$344,291) between the actual and forecast amount is attributed to deferral of expenditures related to computer systems and vehicle purposes, due to supply chain issues caused by the ongoing COVID pandemic. When compared to the total DSP forecast amount, General Plant contributes -6.87 per cent to the overall budget variance.

The majority of Kingston Hydro's capital investment planning (69 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 -7.18 per cent (-\$248,289) between the actual and forecast amount is partially attributed to the Municipal Substations No. 1 (MS1) rebuild program, which was completed under budget in 2021. When compared to the total DSP forecast amount, System Renewal contributes -4.95 per cent 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 2021 to be "on track" with the Kingston Hydro DSP. The overall variance of -7.78 per cent (-\$389,807) is attributed to the effects of the ongoing COVID pandemic and Kingston Hydro's Substation MS1 rebuild program, which was completed under budget in 2021.

Cost Control

• Efficiency Assessment

- Kingston Hydro manages 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 tenth consecutive year, in 2021, 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 2021 were 2.3 per cent lower than 2020 compared to an industry average increase of 1.9 per cent.
- Kingston Hydro's total costs were 12.8 per cent under expected costs compared to an industry average of 13.2 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 7.8 per cent, compared to an average of 10.4 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 2021 is \$543 per customer, a 3.4 per cent decrease over 2020. This follows a 2020 decrease of 2.1 from 2019. percent. Total operating, maintenance and administrative expenses per customer for Kingston Hydro was \$237 per customer, compared to \$266 per customer in 2020.

- **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 2021 is \$45,552 per kilometre of line, compared to the 2020 cost of \$46,486 per kilometre of line. This amount decreased by 2.0 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 2021.

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

One micro-embedded generation facility was connected in 2021, 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 1.69:1.00 in 2020), as at December 31, 2021. 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 \$1.10 to \$1.00. This means that for every \$1.00 the company has invested in assets, 52.8 per cent has been funded with debt and 47.2 per cent has been funded with equity. Kingston Hydro continues to monitor this ratio to ensure it stays at or below \$1.50:1.00.

- **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 2017 through 2021. Kingston Hydro achieved a return on equity of 8.39 per cent for 2021.

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 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.