

## 2023 OEB Custom Incentive Rate Progress Report

Hydro Ottawa Limited (“Hydro Ottawa”) uses Key Performance Indicators (“KPIs”) to measure continuous improvement in asset management planning, capital investment planning and customer-oriented performance. These indicators include quantitative and qualitative measures to monitor the effectiveness of planning processes, efficiencies in carrying out those plans, as well as identifying shortfalls as areas for continuous improvement. As part of Hydro Ottawa’s 2021-2025 (EB-2019-0261) Custom Incentive Rate-setting (“CIR”) process, Hydro Ottawa committed to reporting annually<sup>1</sup> on the following:

- a) Custom Performance Scorecard<sup>2</sup>
- b) Capital Expenditure by capital spending program in the following categories:
  - System Access
  - System Service and System Renewal
  - General Plant
- c) Performance Outcomes Accountability Mechanism (“POAM”)

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<sup>1</sup> Adjustments to prior year reporting will be completed on a go forward basis and may result in differences between previous CIR reports.

<sup>2</sup> This custom report is produced in addition to mandatory OEB reporting mechanisms that are applicable to all electricity distributors, such as the annual Electricity Utility Scorecard and RRR requirements. It includes KPIs not included in other reporting mechanisms.

## CUSTOM PERFORMANCE SCORECARD

Hydro Ottawa’s Custom Performance Scorecard for the 2021-2025 rate term expands on the KPI reporting established for the 2016-2020 CIR annual report. Targets for each custom measure are informed by historical data and will be assessed over the five-year period. The Custom Performance Scorecard has been arranged in four sections to provide insight into Hydro Ottawa’s progress in the areas of Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance.

### Customer Focus

The Customer Focus performance metrics are intended to measure how services provided respond to identified customer preferences.

OEB Category	Hydro Ottawa Custom Measures	Target Outcome	2021	2022	2023	2024	2025
Customer Satisfaction	Contact Centre Satisfaction Feedback	Maintain	88%	84%	85%		
	Number of MyAccount Customers	Increase	242,826	256,721	270,281		
	Number of Online Billing Accounts	Increase	207,995	221,848	235,986		

## Operational Effectiveness

The Operational Effectiveness performance metrics are designed to report on continuous improvement in productivity and cost performance, as well as to monitor system reliability and quality.

OEB Category	Hydro Ottawa Custom Measures	Target Outcome	2021	2022	2023	2024	2025
Safety	All Injury/Illness Frequency Rate	Reduce	1.17	0.74	1.00		
	Lost Workday Severity Rate	Reduce	3.11	2.40	3.20		
System Reliability	Customer Average Interruption Duration Index (CAIDI) Excluding Loss of Supply	Monitor	1.42	29.35	6.45		
	CAIDI Excluding Major Events and Loss of Supply	Monitor	1.33	1.48	1.63		
	Feeders Experiencing Multiple Sustained Interruptions	Maintain	5	4	8		
	Worst Feeder Analysis – Number of Feeders <sup>3</sup>	Reduce	6	7	6		
	Stations Exceeding Planning Capacity	≤5%	7.7%	4.3%	6.5%		
	Feeders Exceeding Planning Capacity	≤10%	1.0%	0.9%	1.8%		
	Stations Approaching 90% of Rated Capacity	0%	1.1%	0.0%	0.0%		
	Feeders Approaching 90% of Rated Capacity	0%	0.1%	0.0%	0.0%		
Cost Control	Productive Time <sup>4</sup>	Maintain	73%	69%	73%		
	Labour Allocation <sup>5</sup>	Maintain	29%	35%	35%		
	3-Year Average Cost per Pole – Wood Pole Replacement	Monitor	\$8,262	\$9,205	\$9,532		
	3-Year Average Cost per Meter – Underground Cable	Monitor	\$50	\$60	\$77		
	Average Cost per Kilometer – Vegetation Management	Monitor	\$3,834	\$3,797	\$3,682		
	Average Cost per Pole – Pole Test and Inspection	Monitor	\$28	\$19	\$38		
Asset Efficiency	Technology Infrastructure Cost per Employee	Monitor	\$32,301	\$33,777	\$38,341		

<sup>3</sup> The number of feeders that experienced 10 or more sustained outages greater than 1 minute. The metric indicates which regions have seen the greatest number of localized issues.

<sup>4</sup> The total regular hours charged to a work order as a proportion of total regular hours.

<sup>5</sup> The amount of labour charged to maintenance and administrative work as a proportion of total productive time.

### Public Policy Responsiveness

Public Policy Responsiveness performance metrics are designed to demonstrate Hydro Ottawa’s commitment to assuring a heightened level of accountability for reporting on actions related to environmental protection.<sup>6</sup>

OEB Category	Hydro Ottawa Custom Measures	Target Outcome	2021	2022	2023	2024	2025
Environment	Annual Oil Spills (litres)	Reduce	804	781	1,230		
	Annual Oils Spills Costs of Remediation (\$M)	Reduce	\$1.69	\$1.97	\$1.10		
	Non-hazardous Waste Diversion rate	Maintain	94%	95%	94%		
	Percentage of Green Suppliers (% of services and products procured from local suppliers)	Maintain	46%	45%	40%		

### Financial Performance

Financial Performance metrics are intended to measure continuous improvement and financial viability, and to be responsive to customer input.

OEB Category	Hydro Ottawa Custom Measures	Target Outcome	2021	2022	2023	2024	2025
Financial Metrics	OM&A per Customer	Monitor	\$239.83	\$279.71	\$308.67		
	Bad Debt as a Percentage of Total Electricity Revenue	Monitor	0.07%	0.18%	0.20%		
	Cumulative Capital Additions – System Access	≥ Approved Target	101%	100%	102%		
	Cumulative Capital Additions – System Renewal and System Service	≥ Approved Target	108%	102%	104%		
	Cumulative Capital Additions – General Plant <sup>7</sup>	≥ Approved Target	52%	84%	92%		
	Annual Capital Spending per Investment Category	Monitor	see Capital Expenditures Annual Report below				

<sup>6</sup> Measures responsiveness to legislative or ministerial obligations that are further to directives received through the Ontario Energy Board

<sup>7</sup> General Plant includes Connection Cost Recovery Agreements (“CCRA”)

## CAPITAL EXPENDITURES ANNUAL REPORT

For the 2021-2025 rate period, Hydro Ottawa will continue to publish annual updates on the progress of capital spending in key categories. These updates track actual gross capital expenditures by program type (i.e. System Access, System Renewal and System Service, and General Plant) versus approved capital expenditures detailed in the 2021-2025 Approved Settlement Agreement.<sup>8</sup> As part of the 2021-2025 Settlement Agreement, a \$10 million reduction to capital spending over the five years was agreed to, and has been incorporated into the System Service, System Renewal and General Plant Approved amounts.

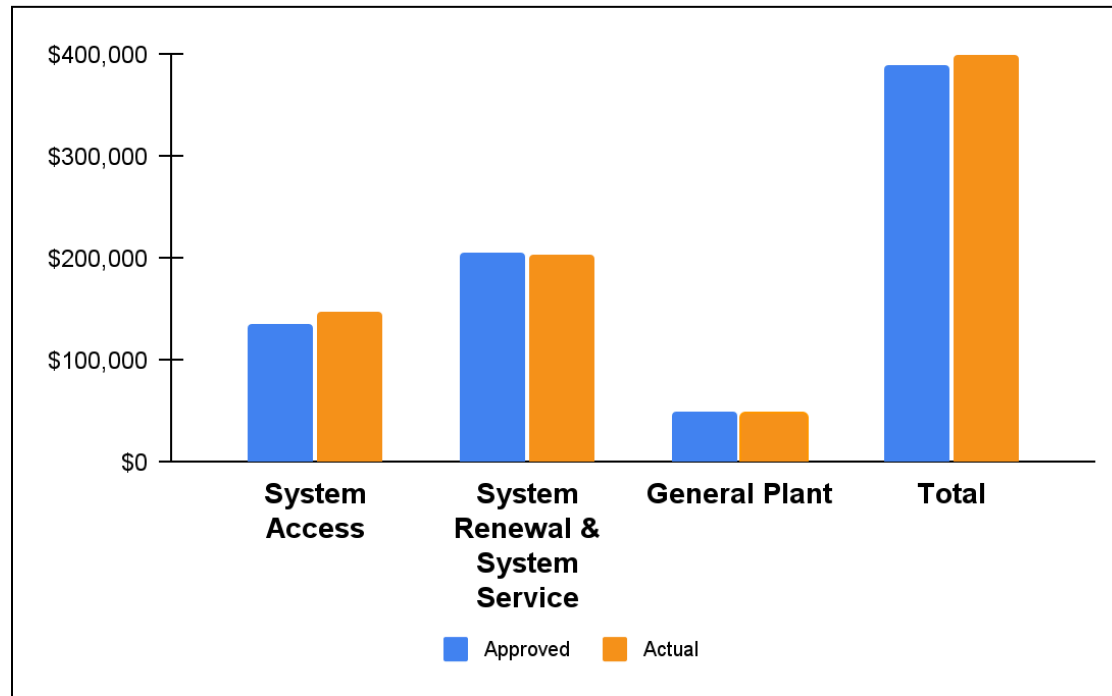
The objective of reporting on the progress of capital spending is to enhance transparency and accountability in the utility's execution of its capital programs. This allows stakeholders to evaluate the utility's ability to meet the capital spending commitments outlined in its 2021-2025 Custom IR application.

The Distribution System Plan ("DSP") cumulative actual gross capital expenditure for 2021-2023 is overspent when compared to the Approved amount. Figure 1 below provides the detail by investment categories.

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<sup>8</sup> Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020)

**Figure 1 - DSP Cumulative Gross Spending Compared to Approved Amount (\$000)**



	<b>System Access</b>	<b>System Renewal &amp; System Service</b>	<b>General Plant</b>	<b>Total</b>
Approved	135,158	205,467	49,552	390,177
Actual	148,116	203,403	48,060	399,579

**System Access:**

System Access capital spending is driven by customer requests. As a result Hydro Ottawa has limited control over activity in this category of spending. See Table 1 below for progress on System Access capital spending compared to the Approved amounts. Overspending in Residential Subdivision projects and Commercial Development was partially offset by underspending on System Expansion Demand. Overall there was a 10% total cumulative overspending in this category when compared to Approved amounts for 2021-2023.

**Table 1 - Gross Capital Spending Compared to Rate Application Approved Amount - System Access (\$000)**

Capital Program	Budget Program	2023			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Plant Relocation & Upgrade	Plant Relocation & Upgrade	8,474	8,159	(315)	27,027	25,764	(1,263)
Residential Subdivision	Residential Subdivision	5,006	12,386	7,380	14,898	37,087	22,189
Commercial Development	New Commercial Development	11,639	17,940	6,301	41,183	43,998	2,815
System Expansion	System Expansion Demand	6,960	9,725	2,765	30,465	24,831	(5,634)
	Long Term Load Transfers	0	0	0	0	0	0
	PSPC Asset Transfer	0	1,557	1,557	5,295	4,553	(742)
Embedded Generation	Embedded Generation	297	(3)	(300)	953	312	(641)
Infill Service	Infill Service (Res and Small Comm)	4,099	3,451	(649)	12,485	10,389	(2,096)
	ESA Flash Notice	0	14	14	0	87	87
Metering	Metering - Reverification	0	0	0	0	73	73
	Meter Damage / Upgrade	0	7	7	0	187	187
	Suite Metering	958	158	(800)	2,852	836	(2,016)
<b>Total Spending</b>		<b>37,434</b>	<b>53,393</b>	<b>15,959</b>	<b>135,158</b>	<b>148,116</b>	<b>12,958</b>

**System Renewal and System Service:**

System Renewal spending is incurred for replacement of existing assets that have reached end of service life and refurbishment of system assets to extend original service life. System Service spending covers modifications to Hydro Ottawa’s distribution system to ensure the system meets operational objectives while addressing future customer needs. See Table 2 for a summary of progress on System Renewal and System Service capital spending compared to the Approved amounts. Overall there was a 1% total cumulative underspend in this category when compared to Approved amounts for 2021-2023.

**Table 2 - Gross Capital Spending Compared to Rate Application Approved Amount - Summary System Renewal and System Service (\$000)**

Investment Category	2023			Cumulative		
	Approved	Actual	Variance	Approved	Actual	Variance
System Renewal	40,594	40,271	(323)	130,429	148,998	18,569
System Service	23,434	16,585	(6,849)	75,038	54,405	(20,633)
<b>Total Spending</b>	<b>64,027</b>	<b>56,856</b>	<b>(7,172)</b>	<b>205,467</b>	<b>203,403</b>	<b>(2,064)</b>

Tables 3 and 4 below provide a detailed look at Budget Program spending for System Renewal and System Service.



**Table 3 - Gross Capital Spending Compared to Rate Application Approved Amount - System Renewal (\$000)**

Capital Program	Budget Program	2023			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Station Assets Renewal	Station Transformer Renewal	0	697	697	2,365	2,553	188
	Station Switchgear Renewal	1,669	1,376	(292)	5,483	6,991	1,509
	Station Major Rebuild	4,479	1,601	(2,878)	17,545	10,628	(6,918)
	Station P&C Renewal	0	133	133	1,194	2,217	1,023
	Station Battery Renewal	84	26	(58)	253	94	(158)
	Station Minor Assets Renewal	499	1,102	603	1,900	2,213	313
	Station Decommission	1,714	468	(1,245)	1,714	1,823	110
OH Distribution Assets Renewal	Pole Renewal	8,044	8,829	785	24,087	26,140	2,053
	Insulator Replacement	0	1	1	0	2	2
	OH Transformer Renewal	0	0	0	0	0	0
	OH Switch/Recloser Renewal	1,153	2	(1,151)	2,306	740	(1,566)
UG Distribution Assets Renewal	Elbow & Insert Replacement	0	0	0	0	0	0
	Vault Renewal	496	(12)	(508)	1,488	453	(1,035)
	Civil Renewal	1,010	1,048	38	3,030	2,734	(296)
	Cable Renewal	9,053	10,403	1,350	26,478	35,435	8,957
	UG Switchgear Renewal	605	49	(556)	1,814	756	(1,059)
	Cable Rejuvenation	0	0	0	0	0	0
	UG Transformer Renewal	0	492	492	216	568	352
Corrective Renewal	Damage to Plant	1,059	1,038	(21)	3,128	2,716	(412)
	Emergency Renewal	4,482	8,468	3,987	15,571	38,954	23,384
	Critical Renewal	4,297	3,200	(1,097)	12,892	10,826	(2,066)
Metering Renewal	Metering Upgrades	1,950	1,348	(602)	8,965	3,153	(5,813)
<b>Total Spending</b>		<b>40,594</b>	<b>40,271</b>	<b>(323)</b>	<b>130,429</b>	<b>148,998</b>	<b>18,569</b>

**Table 4 - Gross Capital Spending Compared to Rate Application Approved Amount - System Service (\$000)**

Capital Program	Budget Program	2023			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Capacity Upgrades	Stations Capacity Upgrades	10,327	1,458	(8,869)	33,370	21,793	(11,576)
	Distribution Capacity Upgrades	4,250	6,482	2,232	10,716	13,639	2,924
Distribution Enhancements	Distribution System Reliability	1,620	1,500	(120)	10,524	2,958	(7,566)
	System Voltage Conversion	2,099	140	(1,958)	5,133	1,747	(3,385)
	Distribution Enhancements	1,860	1,175	(684)	4,523	3,800	(723)
Grid Technologies	SCADA Upgrades	1,775	5,590	3,816	5,960	8,345	2,385
	RTU Upgrades	0	0	0	0	0	0
	Communication Infrastructure	1,044	24	(1,021)	2,990	569	(2,422)
Station Enhancements	Station Enhancements	459	215	(244)	1,822	1,552	(270)
	Station Reliability	0	0	0	0	0	0
Metering	Remote Disconnected Smart Meter	0	0	0	0	1	1
<b>Total Spending</b>		<b>23,434</b>	<b>16,585</b>	<b>(6,849)</b>	<b>75,038</b>	<b>54,405</b>	<b>(20,633)</b>

**General Plant:**

Cumulative capital spending in the General Plant category is 3% below the cumulative Approved amount at year end 2023. The variance is partially attributed to a refund in the Hydro One Connection and Cost Recovery Agreements (“CCRAs”). Table 5 below shows the progress on General Plant capital spending compared to Approved amounts.

**Table 5 - Gross Capital Spending Compared to Rate Application Approved Amount - General Plant (\$000)**

Capital Program	Budget Program	2023			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Facilities Management	Facilities Management	403	2,411	2,007	1,260	5,051	3,791
Fleet Replacement	Fleet Replacement	2,220	5,540	3,320	12,992	11,452	(1,541)
Tools Replacement	Tools Replacement	462	393	(69)	1,410	1,661	251
IT Life Cycle & Ongoing Enhancements	IT Life Cycle & Ongoing Enhancements	1,250	3,737	2,486	4,574	7,354	2,780
IT New Initiatives	IT New Initiatives	484	327	(157)	1,886	1,350	(536)
ERP System	ERP System	302	36	(267)	1,882	524	(1,359)
Customer Service	Customer Service	846	3,251	2,406	5,001	6,884	1,883
Operation Initiatives	Operation Initiatives	271	941	670	3,220	2,952	(267)
Hydro One Payments	Hydro One Payments	200	(3,752)	(3,952)	17,328	10,833	(6,495)
<b>Total Spending</b>		<b>6,438</b>	<b>12,883</b>	<b>6,445</b>	<b>49,552</b>	<b>48,060</b>	<b>(1,492)</b>

## PERFORMANCE OUTCOMES ACCOUNTABILITY MECHANISM

The POAM, established for the 2021-2025 CIR rate period supports the objectives of the Ontario Energy Board's Renewed Regulatory Framework (“RRF”) by establishing and monitoring outcomes-based measures and targets related to achievement of the objectives in Hydro Ottawa’s 2021-2025 DSP. The purpose of this mechanism is to monitor alignment between the interests of the utility and those of its customers, while supporting the ongoing evolution of the RRF. In 2023 two of the five POAM targets were not met: SAIDI - Excluding Major Event Days and Loss of Supply and Wood Pole Replacement Unit Cost. As a result \$400K was credited to the POAM Deferral Account. See Tables 6-10 below, which outline each of the POAM metric results for the 2021-2023 period.

**Table 6 - Metric #1**

Metric	2021	2022	2023	2024	2025
# of Service Interruptions Caused by Defective Overhead Equipment - Excluding Major Event Days					
	Target	115	115	115	111
	Actual	77	82	82	

**Green** ≤Target

**Yellow** >Target and <110% Target

**Red** ≥110% Target

**Table 7 - Metric #2**

Metric		2021	2022	2023	2024	2025
# of Service Interruptions Caused by Defective Underground Equipment - Excluding major Event Days & Leaking Padmount Transformers		●	●	●		
	Target	114	114	114	110	110
	Actual	105	90	61		

**Green** ≤Target

**Yellow** >Target and <110% Target

**Red** ≥110% Target

**Table 8 - Metric #3**

Metric		2021	2022	2023	2024	2025
System Average Interruption Duration Index (SAIDI) - Excluding Major Event Days & Loss of Supply		●	▲	▲		
	Target	0.91	0.91	0.91	0.89	0.89
	Actual	0.82	1.02	1.03		

**Green** ≤Target

**Yellow** >Target and <105% Target

**Red** ≥105% Target

**Table 9 - Metric #4**

Metric		2021	2022	2023	2024	2025
Wood Pole Replacement Unit Cost (\$ per Pole)		●	✘	✘		
	Target	\$8,510	\$8,510	\$8,510	\$8,510	\$8,510
	Actual	\$8,415	\$9,951	\$9,559		

**Green** ≤Target

**Yellow** >Target and <105% Target

**Red** ≥105% Target

**Table 10 - Metric #5**

Metric		2021	2022	2023	2024	2025
Underground Cable Replacement Cost (\$ per Km of Cable)		●	●	●		
	Target	\$103,051	\$103,051	\$103,051	\$103,051	\$103,051
	Actual	\$62,244	\$101,334	\$71,793		

**Green** ≤Target

**Yellow** >Target and <105% Target

**Red** ≥105% Target