2024 OEB Custom Incentive Rate-Setting 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, and 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[1] on the following:

a) Custom Performance Scorecard[2]

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")

[1] Prior year data may be adjusted to ensure comparability with the current reporting period, which may result in variances from previously published CIR reports.
[2] 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. Historical data inform targets for each custom measure and will be assessed over five years. The Custom Performance Scorecard is organized into 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%	85%	
	Number of MyAccount Customers	Increase	242,826	256,721	270,281	294,970	
	Number of Online Billing Accounts	Increase	207,995	221,848	235,986	261,236	

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	1.09	
	Lost Workday Severity Rate	Reduce	3.11	2.40	3.20	0.78	
System Reliability	Customer Average Interruption Duration Index (CAIDI) Excluding Loss of Supply	Monitor	1.42	29.35	6.45	1.68	
	CAIDI Excluding Major Events and Loss of Supply	Monitor	1.33	1.48	1.63	1.63	
	Feeders Experiencing Multiple Sustained Interruptions[3]	Maintain	5	4	8	5	
	Worst Feeder Analysis – Number of Feeders[4]	Reduce	6	7	6	1	
	Stations Exceeding Planning Capacity	≦5%	7.7%	4.3%	8.7%	6.5%	
	Feeders Exceeding Planning Capacity	≦10%	1.0%	0.9%	2.2%	2.6%	
	Stations Approaching 90% of Rated Capacity	0%	1.1%	0.0%	0.0%	0.0%	
	Feeders Approaching 90% of Rated Capacity	0%	0.1%	0.0%	0.0%	0.0%	
Cost Control	Productive Time[5]	Maintain	73%	69%	73%	71%	
	Labour Allocation[6]	Maintain	29%	35%	35%	34%	
	3-Year Average Cost per Pole – Wood Pole Replacement	Monitor	$8,262	$9,205	$9,523	$11,590	
	3-Year Average Cost per Meter – Underground Cable	Monitor	$50	$60	$77	$82	
	Average Cost per Kilometer – Vegetation Management	Monitor	$3,834	$3,797	$3,682	$4,840	
	Average Cost per Pole – Pole Test and Inspection	Monitor	$28	$19	$38	$46	
Asset Efficiency	Technology Infrastructure Cost per Employee	Monitor	$32,301	$33,777	$38,341	$38,749	

[3] 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.
[4] The number of feeders with very poor performance based on a consideration of outage count, customer impact and outage duration over a 12-month period.
[5] The total regular hours charged to a work order as a proportion of total regular hours.
[6] 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.[7]

OEB Category	Hydro Ottawa Custom Measures	Target Outcome	2021	2022	2023	2024	2025
Environment	Annual Oil Spills (litres)	Reduce	804	781	1,230	950	
	Annual Oil Spills Costs of Remediation ($M)	Reduce	$1.69	$1.97	$1.10	$1.86	
	Non-hazardous Waste Diversion Rate	Maintain	94%	95%	94%	90%	
	Percentage of Green Suppliers (% of services and products procured from local suppliers)	Maintain	46%	45%	40%	35%	

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	$279.37	$308.67	$308.74	
	Bad Debt as a Percentage of Total Electricity Revenue	Monitor	0.07%	0.18%	0.20%	0.22%	
	Cumulative Capital Additions – System Access	≧Approved Target	101%	100%	102%	119%	
	Cumulative Capital Additions – System Renewal and System Service	≧Approved Target	108%	102%	104%	108%	
	Cumulative Capital Additions – General Plant[8]	≧Approved Target	52%	84%	92%	98%	
	Annual Capital Spending per Investment Category	Monitor	see Capital Expenditures Annual Report below				

[7] Some measures are responsive to legislative or ministerial obligations that are beyond directives received through the Ontario Energy Board.
[8] General Plan includes Connection Cost Recovery Agreements ("CCRAs")

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.[9] As part of the 2021-2025 Settlement Agreement, a $10 million reduction to capital spending over the five years was agreed upon 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 2021-2024 exceeds the approved amount. Please see Figure 1 below for details by investment categories.

[9] 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 ($000s)

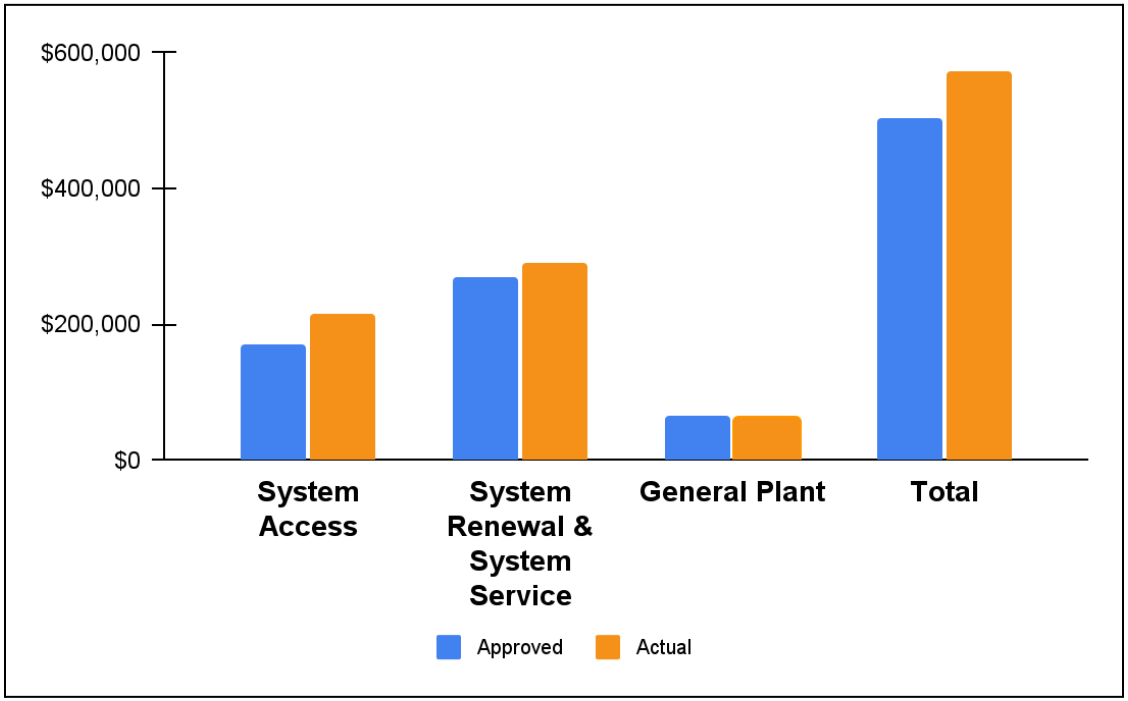

Table 1 - DSP Cumulative Gross Spending Compared to Approved Amount ($000s)

	System Access	System Renewal & System Service	General Plant	Total
Approved	169,621	269,556	65,285	504,461
Actual	216,659	291,899	63,534	572,091

System Access:

Customer requests drive System Access capital spending. As a result, Hydro Ottawa has limited control over activity in this category of spending. See Table 2 below for progress on System Access capital spending compared to the Approved amounts. Residential Subdivision projects and Commercial Development spending resulted in higher cumulative variances. Overall, there was a 28% total cumulative variance in this category when compared to the Approved amounts for 2021-2024.

Table 2 - Gross Capital Spending Compared to Rate Application Approved Amount - System Access ($000)

Capital Program	Budget Program	2024			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Plant Relocation & Upgrade	Plant Relocation & Upgrade	5,451	11,720	6,269	32,478	37,484	5,006
Residential Subdivision	Residential Subdivision	5,010	13,511	8,501	19,908	50,598	30,689
Commercial Development	New Commercial Development	11,806	21,408	9,602	52,989	65,405	12,417
System Expansion	System Expansion Demand	6,768	14,254	7,485	37,234	39,085	1,851
	Long Term Load Transfers	0	0	0	0	0	0
	PSPC Asset Transfer	0	2,317	2,317	5,295	6,870	1,575
Embedded Generation	Embedded Generation	306	(4)	(310)	1,258	308	(951)
Infill Service	Infill Service (Res and Small Comm)	4,164	5,257	1,093	16,649	15,646	(1,003)
	ESA Flash Notice		25	25	0	112	112
Metering	Metering - Reverification		0	0	0	73	73
	Meter Damage / Upgrade		1	1	0	188	188
	Suite Metering	957	54	(903)	3,809	890	(2,919)
Total Spending		**34,462**	**68,542**	**34,079**	**169,621**	**216,658**	**47,037**

System Renewal and System Service:

System Renewal spending is incurred for the replacement of existing assets that have reached the end of service life and the 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 3 for a summary of progress on System Renewal and System Service capital spending compared to the Approved amounts. Overall, there was an 8% total cumulative variance in this category when compared to the Approved amounts for 2021-2024.

Table 3 - Gross Capital Spending Compared to Rate Application Approved Amount - Summary System Renewal and System Service ($000)

Investment Category	2024			Cumulative		
	Approved	Actual	Variance	Approved	Actual	Variance
System Renewal	39,436	42,825	3,389	169,864	191,822	21,958
System Service	24,654	45,672	21,018	99,691	100,077	386
Total Spending	**64,089**	**88,497**	**24,408**	**269,556**	**291,900**	**22,344**

Tables 4 and 5 below provide a detailed breakdown of Budget Program spending for System Renewal and System Service.

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

Capital Program	Budget Program	2024			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Station Assets Renewal	Station Transformer Renewal	0	842	842	2,365	3,396	1,031
	Station Switchgear Renewal	1,199	273	(927)	6,682	7,264	582
	Station Major Rebuild	1,794	761	(1,032)	19,339	11,389	(7,950)
	Station P&C Renewal	0	330	330	1,194	2,547	1,353
	Station Battery Renewal	84	81	(3)	337	176	(161)
	Station Minor Assets Renewal	709	508	(202)	2,610	2,721	111
	Station Decommission	3,651	2,770	(881)	5,364	4,593	(771)
OH Distribution Assets Renewal	Pole Renewal	8,044	11,851	3,807	32,131	37,991	5,860
	Insulator Replacement	0	(10)	(10)	0	(7)	(7)
	OH Transformer Renewal	0	0	0	0	0	0
	OH Switch/Recloser Renewal	797	139	(658)	3,103	878	(2,225)
UG Distribution Assets Renewal	Elbow & Insert Replacement	0	0	0	0	0	0
	Vault Renewal	496	738	242	1,984	1,191	(793)
	Civil Renewal	1,010	1,413	403	4,040	4,148	107
	Cable Renewal	8,969	2,038	(6,931)	35,447	37,474	2,026
	UG Switchgear Renewal	605	693	88	2,419	1,448	(971)
	Cable Rejuvenation	0	0	0	0	0	0
	UG Transformer Renewal	0	(218)	(218)	216	350	134
Corrective Renewal	Damage to Plant	1,033	1,546	513	4,160	4,262	101
	Emergency Renewal	4,482	12,163	7,681	20,052	51,118	31,065
	Critical Renewal	4,297	5,454	1,157	17,190	16,280	(909)
Metering Renewal	Metering Upgrades	2,266	1,453	(813)	11,231	4,606	(6,626)
Total Spending		**39,436**	**42,825**	**3,389**	**169,864**	**191,822**	**21,958**

Table 5 - Gross Capital Spending Compared to Rate Application Approved Amount - System Service ($000)

Capital Program	Budget Program	2024			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Capacity Upgrades	Stations Capacity Upgrades	12,786	28,807	16,021	46,155	50,600	4,445
	Distribution Capacity Upgrades	5,013	7,604	2,590	15,729	21,243	5,514
Distribution Enhancements	Distribution System Reliability	2,006	2,622	615	12,530	5,580	(6,950)
	System Voltage Conversion	731	(41)	(772)	5,864	1,706	(4,158)
	Distribution Enhancements	1,860	1,299	(561)	6,383	5,099	(1,284)
Grid Technologies	SCADA Upgrades	755	5,078	4,324	6,715	13,424	6,709
	RTU Upgrades	0	0	0	0	0	0
	Communication Infrastructure	1,044	241	(804)	4,034	809	(3,225)
Station Enhancements	Station Enhancements	459	63	(396)	2,281	1,615	(666)
	Station Reliability	0	0	0	0	0	0
Metering	Remote Disconnected Smart Meter	0	1	1	0	2	2
Total Spending		**24,654**	**45,672**	**21,018**	**99,691**	**100,077**	**386**

General Plant:

Cumulative capital spending in the General Plant category is 3% below the cumulative Approved amount at year-end 2024. The variance is partially attributed to the Hydro One Connection and Cost Recovery Agreements ("CCRAs"). Table 6 below shows the progress on General Plant capital spending compared to the Approved amounts.

Table 6 - Gross Capital Spending Compared to Rate Application Approved Amount - General Plant ($000)

Capital Program	Budget Program	2024			Cumulative		
		Approved	Actual	Variance	Approved	Actual	Variance
Facilities Management	Facilities Management	403	1,915	1,512	1,663	6,966	5,303
Fleet Replacement	Fleet Replacement	1,681	3,740	2,059	14,673	15,192	519
Tools Replacement	Tools Replacement	465	724	259	1,875	2,385	511
IT Life Cycle & Ongoing Enhancements	IT Life Cycle & Ongoing Enhancements	1,035	3,852	2,817	5,608	11,205	5,597
IT New Initiatives	IT New Initiatives	333	626	293	2,219	1,976	(243)
ERP System	ERP System	4,932	17	(4,916)	6,815	540	(6,274)
Customer Service	Customer Service	826	2,995	2,169	5,827	9,879	4,052
Operation Initiatives	Operation Initiatives	928	57	(872)	4,148	3,009	(1,139)
Hydro One Payments	Hydro One Payments	5,130	1,548	(3,582)	22,458	12,381	(10,077)
Total Spending		**15,733**	**15,474**	**(260)**	**65,285**	**63,533**	**(1,752)**

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 the 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 2024, one of the five POAM targets was not met: Wood Pole Replacement Unit Cost. As a result, $200,000 was credited to the POAM Deferral Account. See Tables 7-11 below, which outline each of the POAM metric results for the 2021-2024 period.

Table 7 - 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	111
	Actual	77	82	82	50	

Green ≤Target
Yellow >Target and <110% Target
Red ≥110% Target

Table 8 - 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	90	

Green ≤Target
Yellow >Target and <110% Target
Red ≥110% Target

Table 9 - 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	0.87	

Green ≤Target
Yellow >Target and <105% Target
Red ≥105% Target

Table 10 - 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	$15,301	

Green ≤Target
Yellow >Target and <105% Target
Red ≥105% Target

Table 11 - 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	$53,623	

Green ≤Target
Yellow >Target and <105% Target
Red ≥105% Target