

SUMMARY

EB-2020-0026 - Halton Hills Hydro Inc. Cost of Service Rate Application

Halton Hills Hydro Inc. (“HHHI”) is an innovative local distribution company (“LDC”) which distributes electricity within the municipal boundaries of the Town of Halton Hills. The service territory covers 281 sq. km including 26 sq. km of urban and 255 sq. km of rural territory. The urban areas encompass the towns of Acton and Georgetown as well as several smaller hamlets.

Proposed Bill Impacts

The bill impact to residential and small business (General Service less than 50 kW) customers for the 2021 proposed rates compared to the 2020 rates is:

Class	Total Bill Impacts	
	\$	%
Residential - Time of Use (750kWhs)	\$ 5.44	4.49%
General Service Less Than 50 kW (2,000 kWhs)	\$ 23.65	7.93%

Bill impacts for additional rate classes can be found on page 97 in Exhibit 1 of the Application.

Background and Application Details

HHHI maintains 1,687 kilometers of medium- and low-voltage distribution circuits that transport electricity from the provincial transmission grid. HHHI continues to maintain a strong and reliable infrastructure covering a large service area with fewer customers per square km. HHHI always looks for efficient and resourceful ways to provide excellent service.

Halton Hills Community Energy Corporation (“HHCEC”), incorporated under the Business Corporations Act (Ontario), is the parent holding company of Halton Hills Hydro Inc. The Corporation of the Town of Halton Hills (Municipal Shareholder) is the sole shareholder of HHCEC.

Halton Hills Hydro Inc. has applied to the Ontario Energy Board for a change in the distribution rates that it charges its customers. The distribution rates are based on the amount of capital

investments made by HHHI as well as the cost to operate and maintain the distribution system, along with a percentage for a return on equity to the Town of Halton Hills.

Customer engagement is an important driver for HHHI's planning process. In 2019, the utility launched an innovative, cost effective customer engagement platform. The customer engagement website, HaveYourSay customer engagement platform was promoted extensively through e-mails to customers, HHHI's social media pages on Facebook, Twitter, LinkedIn and Instagram and through Google. The website features discussion forums, quick polls, surveys and an information blog providing information on utility projects and practices. This unique approach to customer engagement provided a meaningful way for customers to contribute to the Distribution System Planning process at a fraction of the cost of conventional customer engagement methods. The Electricity Distributor's Association recognized this innovative customer engagement platform with the 2019 Communications Excellence Award.

HHHI regularly and proactively engages with customers throughout the year. The utility has an active presence on social media with over 33% of its customers engaged through Facebook, Twitter, Instagram and LinkedIn. This is one of the highest following rates of any LDC in Ontario. HaveYourSay.HaltonHillsHydro.com provided customers an opportunity to learn about HHH's distribution system planning process, contribute to idea forums and participate in surveys in support of this plan. The website also allowed interactive customer conversation. The goals of the HaveYourSay customer engagement platform were as follows:

- Inform customers on the distribution system planning process
- Engage customers in the conversation about electricity cost and reliability
- Collaborate with customers through surveys, polls and idea forums to gain an understanding of customer's needs and preferences
- Reach as wide a customer audience as possible
- Achieve statistically relevant survey responses
- Keep customers informed throughout the entire planning process

Frequent posts kept customers aware of HHHI activity, projects, power outages and electrical safety information. Customers were able to engage in an ongoing dialogue with the utility throughout the year through these platforms.

HHHI engages with the community at a number of community events throughout the year including Earth Day, Acton Leathertown Festival, Canada Day in Glen Williams and the Acton and Georgetown Santa Claus Parades. Staff throughout the organization participate in these events providing customers a chance to interact directly with their utility. In 2019, HHHI held its third Community Open House providing customers with a chance to tour their utility, engage with staff and learn about utility operations.

Some of the key messages heard from customer feedback include:

- Proactive replacement strategy – Customer response is strongly in favour of a proactive asset replacement strategy to improve reliability even if it results in increased costs. In particular, commercial customer responses reflected a strong preference for proactive replacement strategies.
- Reliability vs Cost - Balancing system reliability with affordable rates continues to be a priority for customers.
- Accommodating renewable energy resources and addressing climate change: Preparing to integrate distributed energy resources and other new technologies is important as HHHI plans for the future. HHHI's customers agree. Over 70% of responses are in favour of HHHI investing to be prepared for new technologies. There were a number of customer comments related to grid modernization, particularly in the context of climate change and the environment. Comments focused on the need for solar power/renewable energy as a way to reduce greenhouse gases and address climate change.
- Customers trust HHHI to make the right decisions, and trust HHHI to maintain its existing investment strategy.

The lessons learned through the customer engagement strategy have informed the Distribution System Plan and HHHI operations.

HHHI provides customers with a robust AccountOnline portal where customers are able to view their detailed energy consumption including comparisons to prior periods and predictions for the current bill. Customers can set up events to record changes in habits or equipment in their home and view the impact of these events on their consumption. For example, a customer could record installing a hot tub and then view the impact on their consumption. Customers can also set up alerts and notifications if their current bill reaches a certain dollar threshold or consumption value. The images below show the AccountOnline customer dashboard and a detailed energy use graph.

Table 1 - AccountOnline portal Dashboard

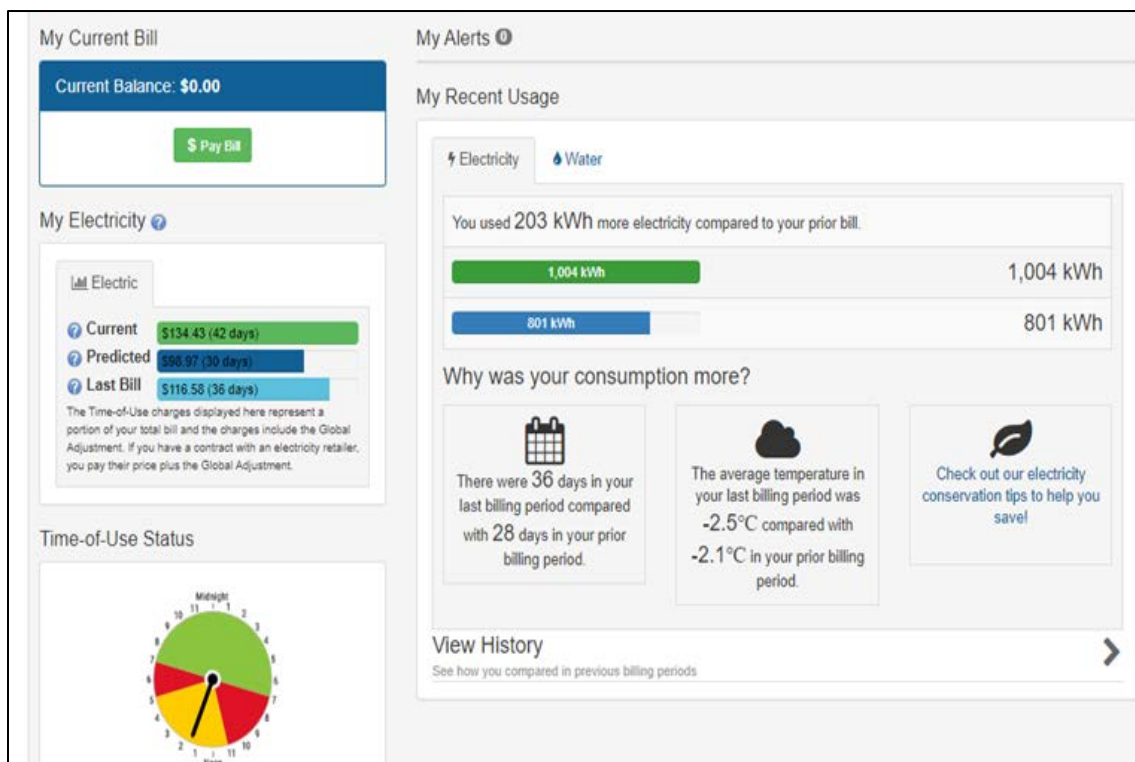
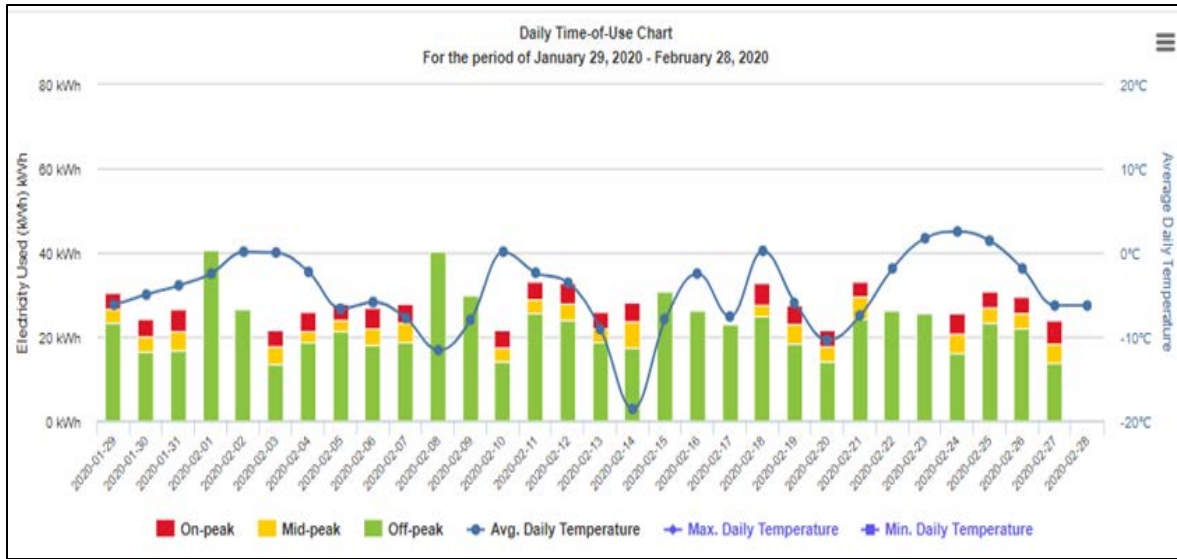


Table 2 - AccountOnline consumption graph



HHHI is measured by the Ontario Energy Board on specific metrics which include:

- Connecting new services in a timely manner
- Meeting customers for appointments on time
- Answering customer calls within 30 seconds, at least 65% of the time
- Resolving customer’s issues the first time
- Ensuring customers’ bills are accurate
- Results of a Customer Satisfaction Survey
- Public Awareness of Safety
- Compliance with electrical safety requirements
- Electrical incident reporting
- Average number of hours that power to a customer is interrupted
- Average number of times that power to a customer is interrupted
- Maintaining capital expenditures within approved amounts
- Cost per kilometre of distribution wire
- Cost per customer

- Conservation and Demand targets
- Maintaining financial viability through sound financial planning
- Efficiency rankings amongst all electrical utilities in the province

HHHI has always ranked high in all OEB metrics and in most cases, performing significantly better than the OEB standards. The OEB Scorecard for 2014 to 2018 is located on HHHI's website. The 2019 draft Scorecard can be seen in Appendix 1-2 of this rate application before the OEB and will be posted on the HHHI website in October 2020 when finalized.

A key metric in utility cost efficiency and effectiveness is the annual Pacific Economics Group (PEG) performance benchmarking report. This report evaluates all Ontario LDCs to determine whether the LDC is spending more money than expected or less money than expected. The report uses data filed by the LDCs to predict how much each LDC should spend. On data filed for 2016, 2017 and 2018, HHHI was determined to be operating at 28.4% below predicted costs. HHHI continues to prudently manage costs and maintain one of the top cost efficiency ratings of LDC's in the Province and has established a target to remain within the top group; one of only six (6) LDCs in the province.

Since HHHI last rebased in 2016, HHHI has achieved the following:

- Built and commissioned an HHHI owned Municipal Transformer Station ("MTS")
 - The MTS will provide Halton Hills with the necessary capacity for Vision Georgetown. Through an innovative agreement to connect to the grid through the Halton Hills Generating Station, HHHI was able to save HHHI customers significant dollars by avoiding the need to cross highway 401.
- HHHI implemented a new Decision Support System ("DSS")
 - For the purposes of the Distribution System Plan, the DSS system focuses on poles, transformers, and stations, however, other assets will be integrated into this system over time. The DSS ensures a cost-effective Asset Management strategy through balancing asset condition evaluation and cost to ensure the right assets are

replaced at the right time. This strategy ensures prudent spending ensuring safety and cost effectiveness.

- Implemented Government Initiatives such as the Fair Hydro Plan, Ontario Energy Rebate and COVID-19 Off-Peak Billing.
- Launched the HaveYourSay customer engagement platform
 - The website features discussion forums, quick polls, surveys and an information blog providing information on utility projects and practices. This unique approach to customer engagement provided a meaningful way for customers to contribute to the Distribution System Planning process at a fraction of the cost of conventional customer engagement methods.
 - The Electricity Distributor's Association ("EDA") recognized this innovative customer engagement platform with the 2019 Communications Excellence Award.
- Renegotiated loan term debt to mitigate interest rate risk and reduce interest expense to the benefit of the ratepayers
- Maintained operational effectiveness while navigating working from home through the COVID-19 pandemic
- Promoted innovation through Relentless Incrementalism
 - HHHI actively engaged staff through the Creative and Critical Thinking initiative to find additional cost efficiencies throughout the LDC. A new program that HHHI began in 2017 focused on "Relentless Incrementalism" – small steps that make a difference and help pave the way for more significant change. This initiative involves all staff members examining processes and procedures and implementing changes that create cost savings, efficiencies and/or benefit customers. These efficiencies have been reflected in this application.
 - The Electricity Distributor's Association ("EDA") recognized this innovative customer engagement platform with the 2017 Innovation Excellence Award.
- The Application that results in the rate impacts noted below include a capital and operating plan for 2021. The total proposed revenue requirement for 2021 is \$17,045,865. This will allow HHHI to:



- Replace and refurbish poles, transformers and wires,
- Invest in additional cybersecurity
- Ensure reliable supply of electricity
- Connect new customers
- Accommodate municipal and regional plans
- Maintain system assets
- Offer locate services
- Provide responsive customer service and billing
- Ensure staff are well trained to work safely and effectively.

Further details about the Application are found on HHHI's website - <https://haltonhillshydro.com/about/regulatory/> or customers can contact the Regulatory Affairs Department at rateapplication@haltonhillshydro.com or 519-853-3700 extension 257.