

A close-up photograph of a person's hands holding a clear glass jar. Inside the jar, a string of warm white LED lights is coiled, creating a warm, glowing effect. The person is wearing a thick, textured, light-colored knit sweater. The background is dark and out of focus.

OFFICE OF THE HYDRO ONE OMBUDSMAN

ANNUAL REPORT 2019



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**We are advocates
for and champions
of fairness.**

Message from the Ombudsman

This report presents the Office of the Hydro One Ombudsman's results for the fiscal period of January 1, 2019 – December 31, 2019 in accordance with section 48.3 of the *Electricity Act, 1998*. It also provides valuable information about how we operate and how customers and members of the public can access our free dispute resolution services.

Complaints are essential to the success of any business. There is simply no better way to collect feedback on a company's performance than directly from customers. A customer complaint can help to highlight a problem with products, employees, or internal processes which, once improved, can make an organization more efficient, profitable and customer-focused.

Since we opened our doors in March 2016, more than 4000 people across the province have contacted my Office and shared their thoughts, experiences and feedback. We take all of this feedback seriously and believe it is our responsibility to use this information to address both individual and systemic issues that have presented challenges for people to do business with Hydro One. This year, one of the key priorities of my Office was to engage with our stakeholders across the province to ensure that we continue to benefit from this source of information. We met with people where they live and work, we launched a small but effective marketing campaign and we updated our website – all in an effort to reach as many people as possible to make them aware of my Office and the free services we provide. These efforts proved incredibly effective and complaints to my Office increased by 19% in 2019, largely due the success of our outreach.

As was the case in 2018, the largest percentage of the overall complaints we received in 2019 was in the area of field operations. The process and cost of connecting to the grid, the location of Hydro One assets on private property,

and power quality and reliability issues continue to be areas we are focusing the company's attention on. However, the increase of complaints in certain areas such as electricity prices, collections, and support programs suggests that customers are increasingly facing issues with the general affordability of electricity. We will continue to monitor these areas closely and use our role to highlight emerging trends and challenges to both Hydro One and its Board of Directors.

As an independent office, our role is to engage, to ask questions and to ensure a fair process and equitable outcomes. While annual reports are often a tale of numbers, it doesn't allow us to quantify the exceptional effort it often takes to make real change. Sometimes issues are resolved simply and quickly and other times, it's a complicated, layered, multi-year solution involving numerous parties from across the company. In either case, it all drives to one result – a better company. We will continue to use our strong, collaborative relationship with Hydro One to work informally and effectively behind the scenes to bring positive change.

We've made tremendous progress resolving issues and uncovering root causes to systemic problems, but I know there's still work to do. My team and I look forward to continuing our work in 2020.

Sophie Petrillo
Ombudsman

About the office

The Office of the Hydro One Ombudsman helps to ensure the company delivers just, fair and equitable services to the public.

We are independent from the management and operations of Hydro One and report directly to the Board of Directors through its Governance Committee. All services are free and confidential. The Office is made up of an Ombudsman supported by a team of investigators who manage the complaint process from intake to resolution.

Our work is guided by our mandate and by our values.

Our Values

Independence

Impartiality

Confidentiality



MANDATE

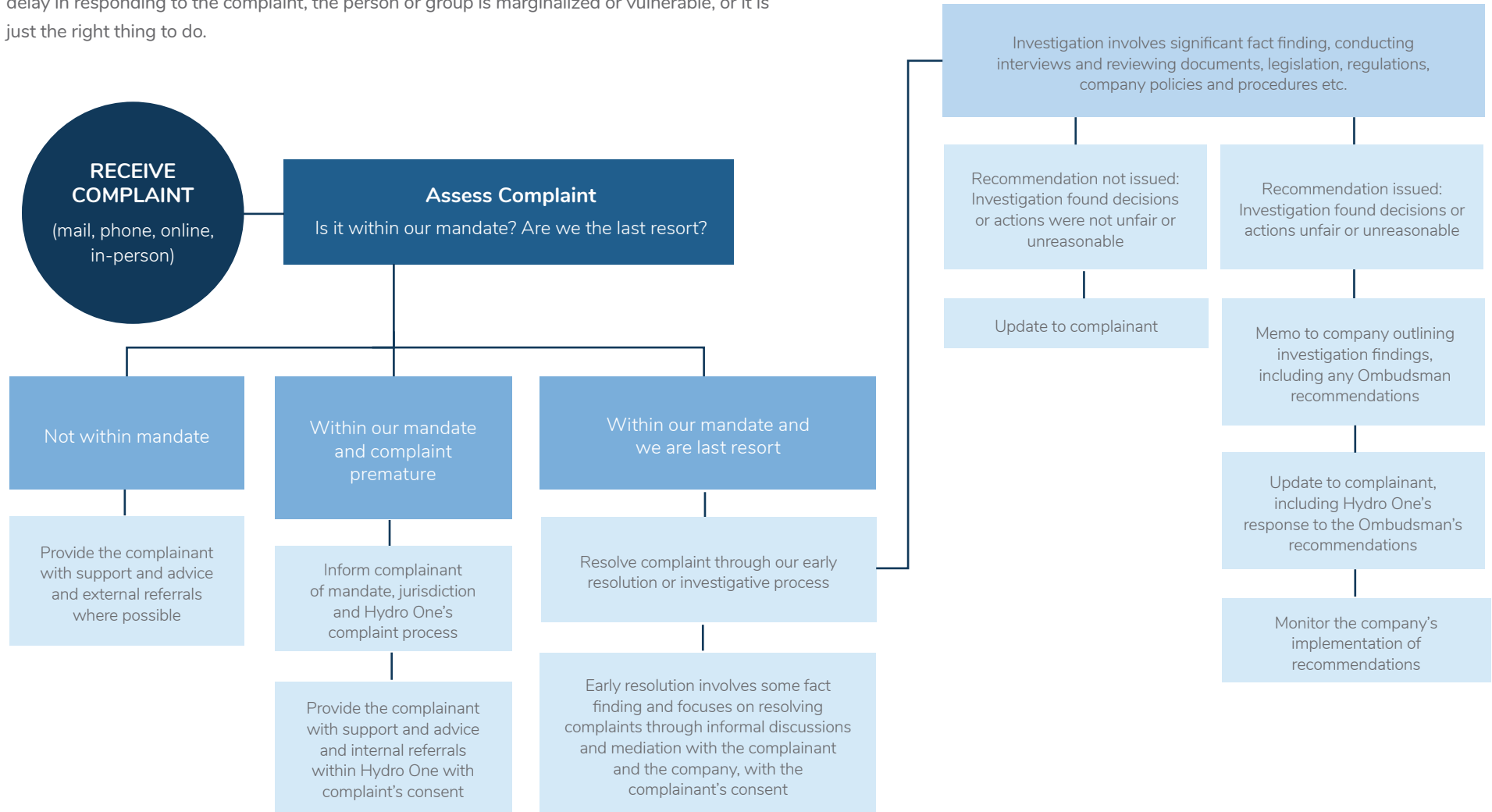
To facilitate resolution of complaints that remain unresolved after having been through Hydro One's complaints handling process.

(Reference: Section 1, Mandate of the Ombudsman, October 2015.)

The complaint process

The Office of the Hydro One Ombudsman is an office of last resort and will intervene if an issue cannot be resolved by the company.

The Office may intervene earlier in some instances, particularly if there has been excessive delay in responding to the complaint, the person or group is marginalized or vulnerable, or it is just the right thing to do.



How we address complaints

The Office of the Hydro One Ombudsman takes every complaint seriously. We try to resolve complaints through our early resolution process by engaging in informal discussions and mediation with the complainant and the company.

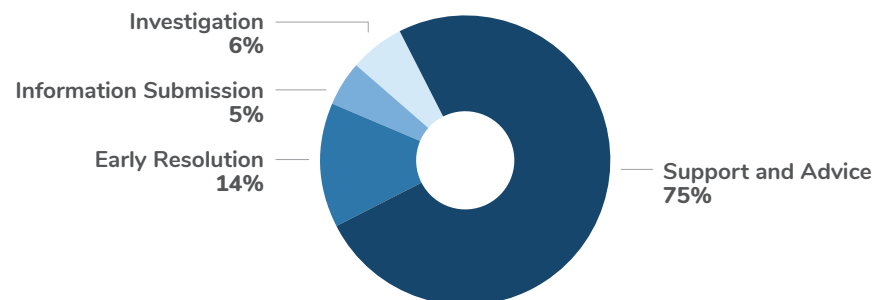
This allows us to resolve issues quickly and effectively. If a complaint is more complex or involves systemic issues, we conduct an investigation. At the conclusion of an early resolution matter or an investigation, the Office may provide the company with advice and recommendations on how to resolve the issue.

If a complaint is premature or falls outside our mandate, we do our best to give the complainant the support and advice they need to move forward with their complaint and refer them to the appropriate department within Hydro One or to the right external organization.

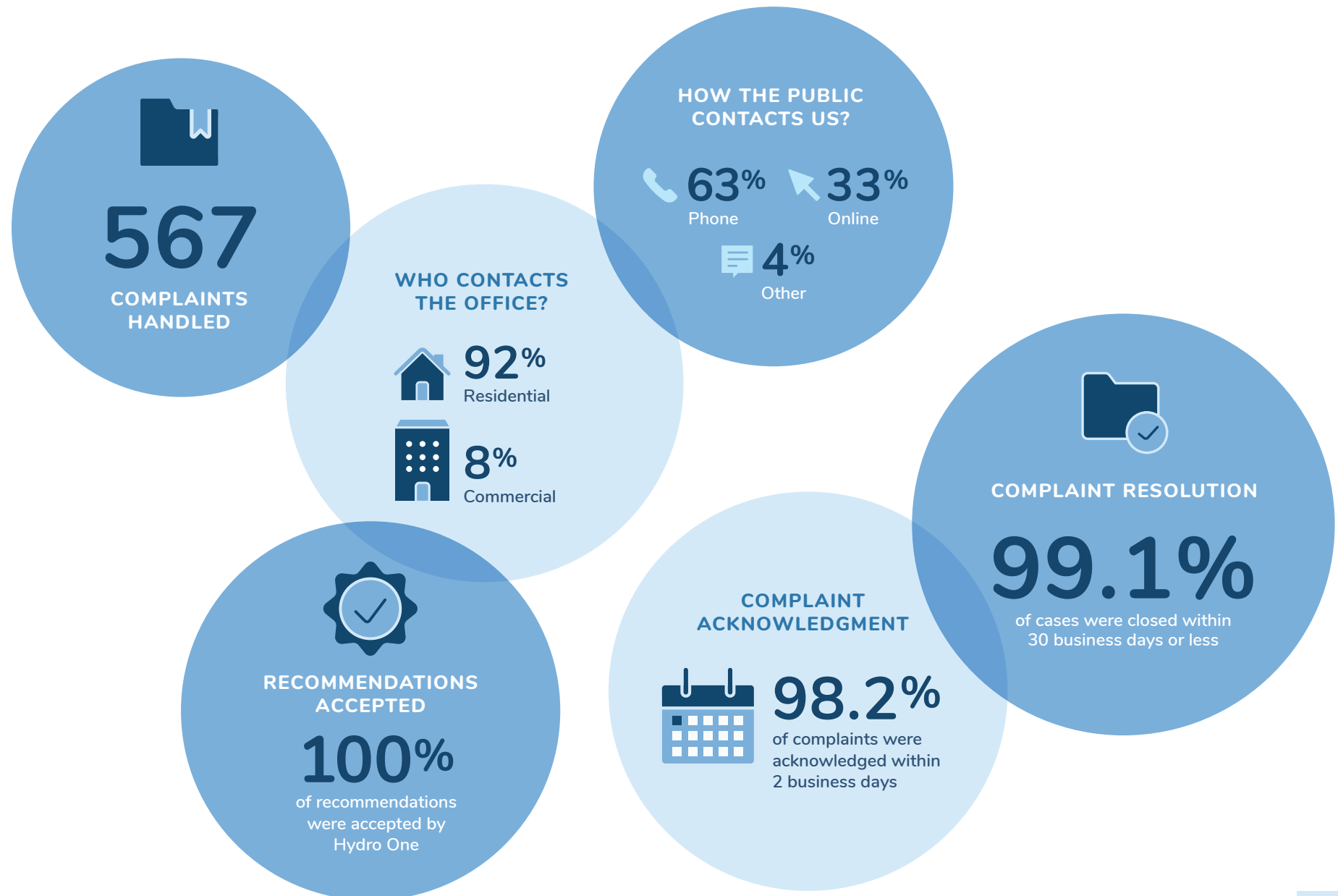
Occasionally, the Office receives information submissions from the public that are not attached to a specific complaint. We track these comments and, where appropriate, report on them to the Governance Committee of the Board of Directors.



CASE TYPE 2019 PERCENTAGES



The story in numbers

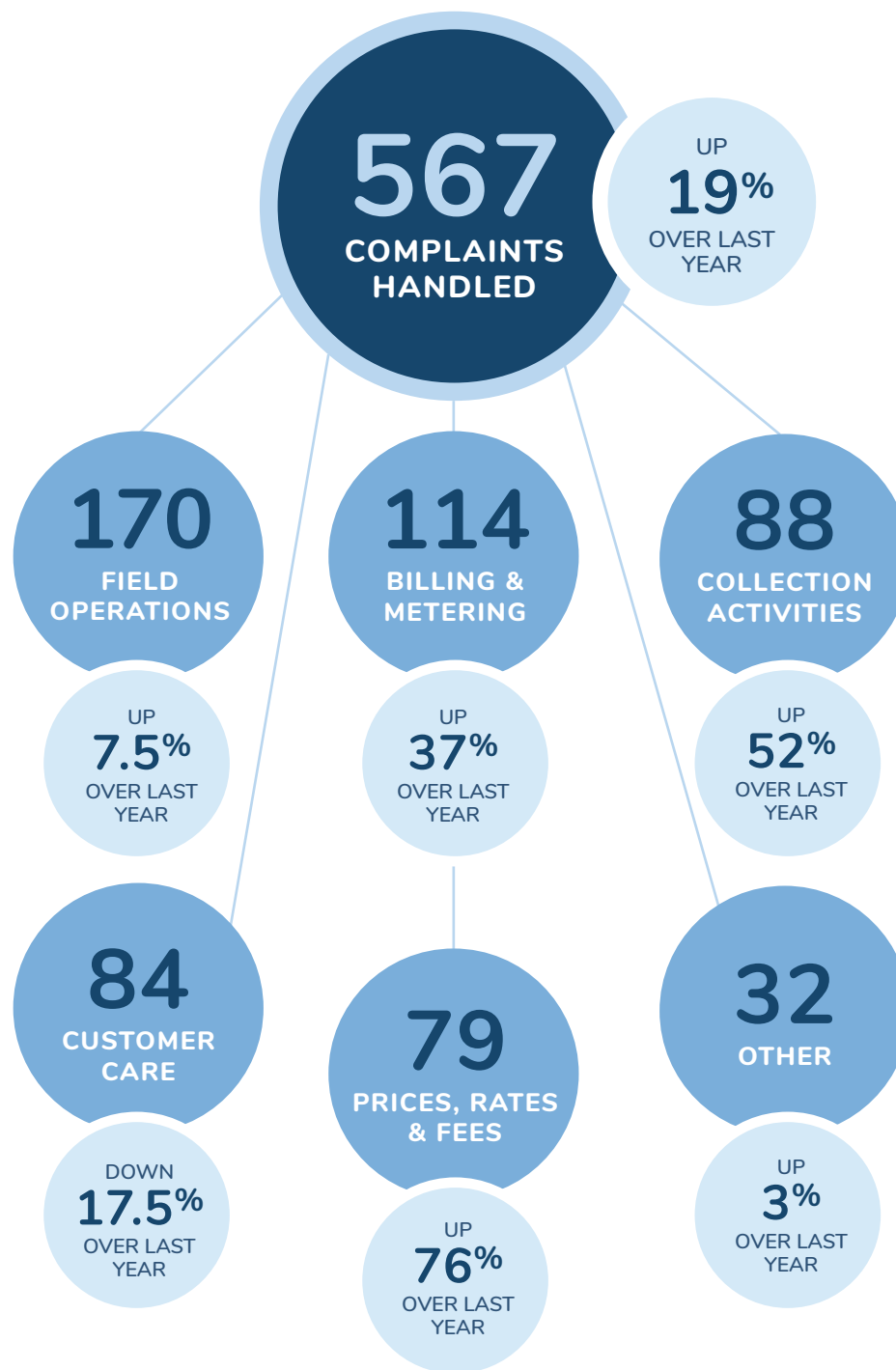


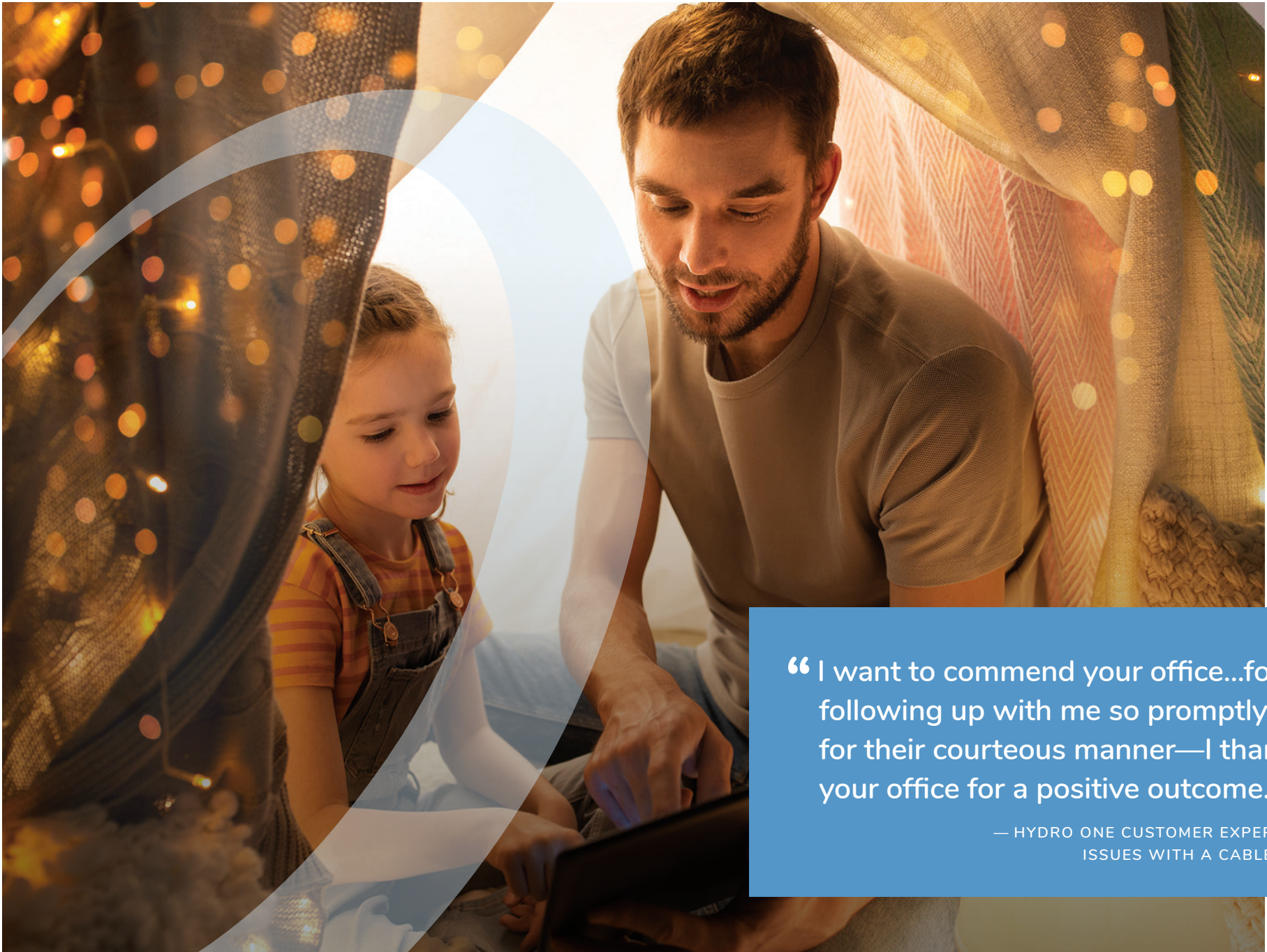
Complaints handled

In 2019 the Office was contacted by 604 complainants, with complaints withdrawn in 37 instances. The 567 complaints handled by the Office was 19% higher than in 2018.

This increase is largely due to outreach efforts by the Office, including the delivery of a bill insert to over 900,000 customers, which resulted in a significant increase in customers contacting the Office.

In 2019, there was an emerging trend that electricity affordability was an underlying basis for an increase in complaints in certain subcategories.





“I want to commend your office...for following up with me so promptly, and for their courteous manner—I thank your office for a positive outcome.”

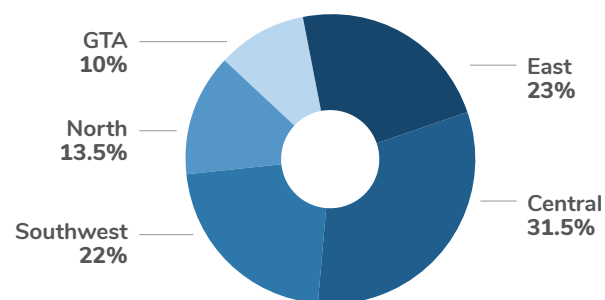
— HYDRO ONE CUSTOMER EXPERIENCING
ISSUES WITH A CABLE LOCATE

Breakdown of complaints by region

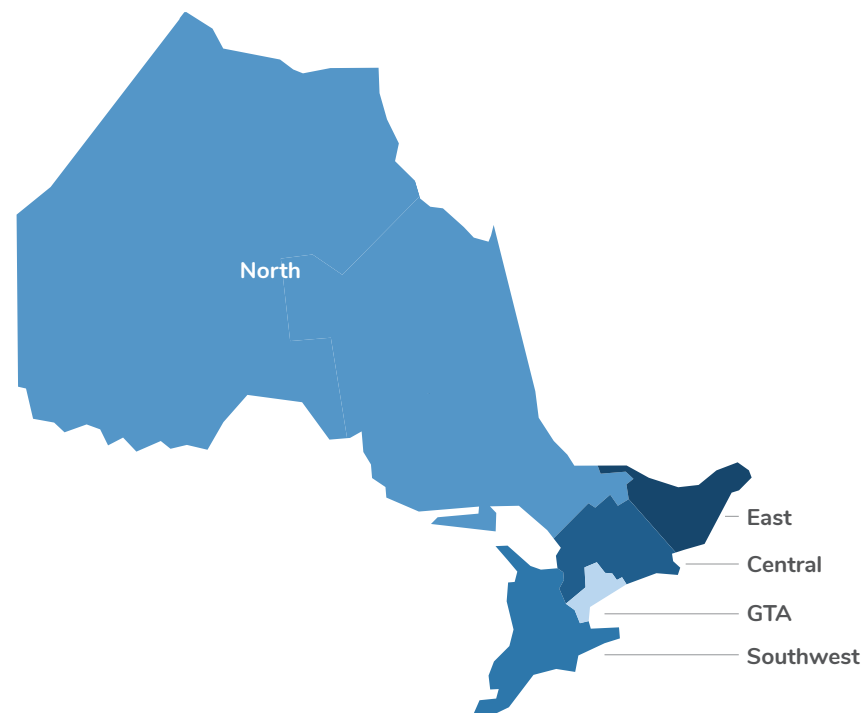
The Office of the Hydro One Ombudsman tracks the origin of complaints by recording the postal code of the property associated with the complaint.

Postal codes were collected for 92% of complaints handled in 2019. Despite the fact that Hydro One does not generally provide distribution services directly to customers in the GTA, we still receive complaints from individuals in this area, primarily about the clearing of trees and other vegetation from Hydro One's transmission corridors.

REGIONAL DISTRIBUTION OF COMPLAINTS



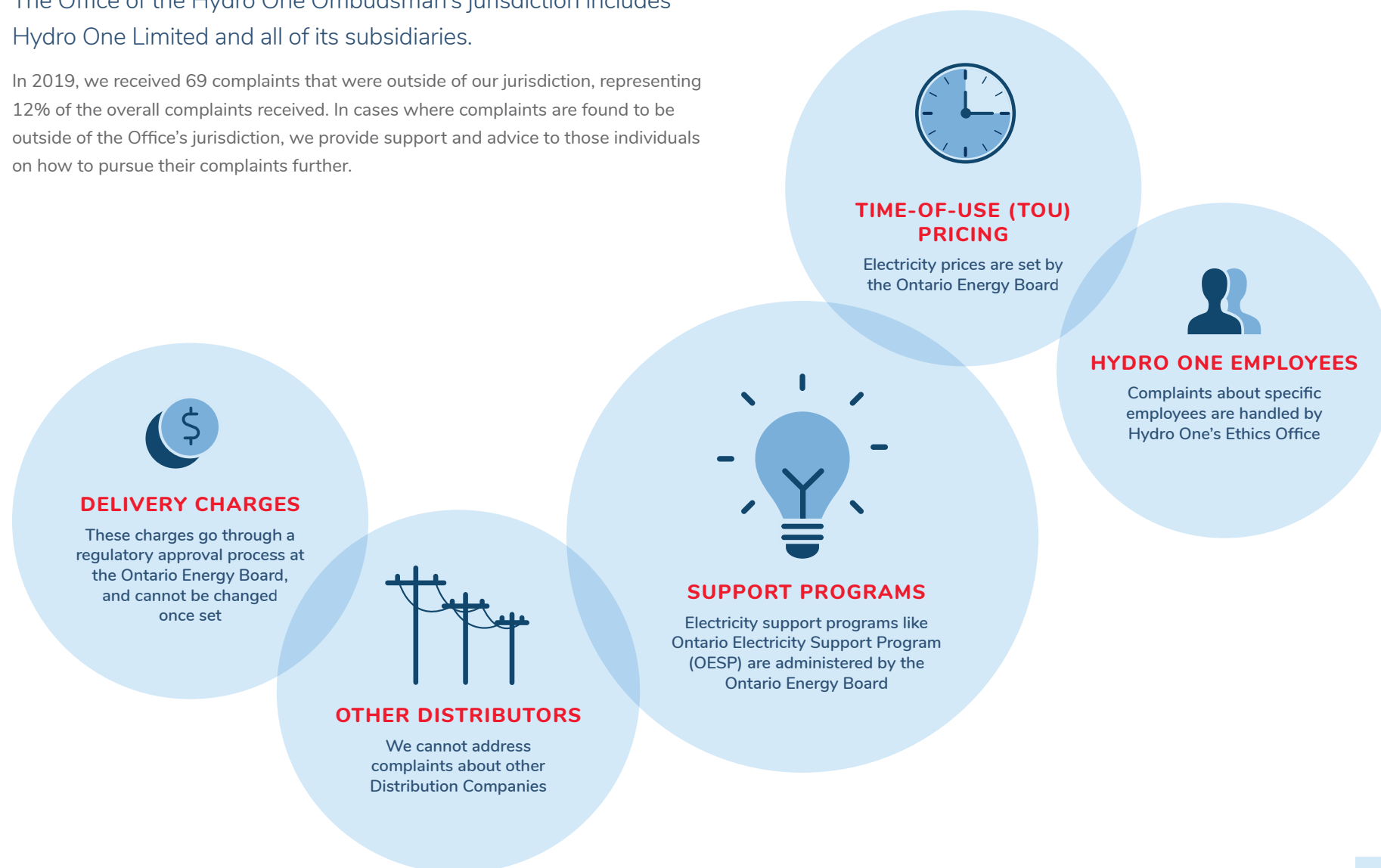
REGIONAL DISTRIBUTION IN ONTARIO



Top five complaints outside our jurisdiction

The Office of the Hydro One Ombudsman's jurisdiction includes Hydro One Limited and all of its subsidiaries.

In 2019, we received 69 complaints that were outside of our jurisdiction, representing 12% of the overall complaints received. In cases where complaints are found to be outside of the Office's jurisdiction, we provide support and advice to those individuals on how to pursue their complaints further.



Complaints by topic

CUSTOMER CARE

While the overall number of customer care complaints decreased by 17.5% in 2019, there was a large increase in complaints and other inquiries about financial support programs such as the Ontario Electricity Support Program (OESP) and the Low-income Energy Assistance Program. Most of these complainants needed assistance with payment of their bills, were experiencing delays with their support applications, or were challenging the eligibility criteria of the various support programs.

Despite an increase in complaints about property damage related claims, the majority were premature and were resolved by providing complainants with information and resources on what they must do to pursue their claim.



HYDRO ONE DAMAGE CLAIMS

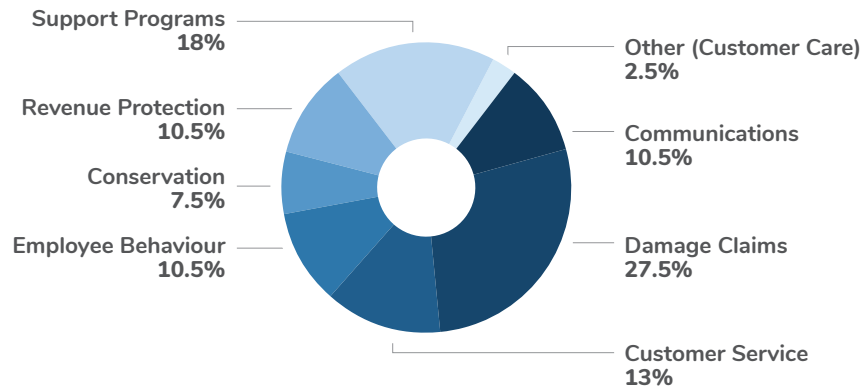
In response to recommendations made by the Office in 2017, Hydro One changed the way property related damage was handled to make the process faster and more transparent. Changes to the process include:

- A redesigned page on the Hydro One website providing detailed information about the way claims are investigated
- An online form to submit claims
- Information cards provided to field staff to be passed along to customers in real time

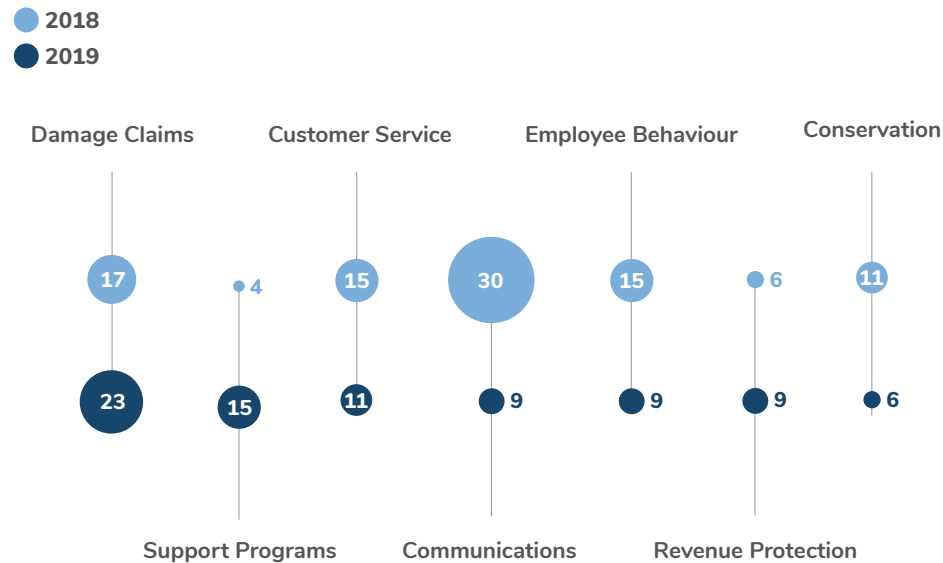
HYDRO ONE'S ACCOMPLISHMENTS



CUSTOMER CARE 2019 PERCENTAGES



NUMBER OF CUSTOMER CARE COMPLAINTS



CASE STUDY

Opening a New Account

The electricity at Ms. T's property was disconnected in 2017 due to unpaid bills. In 2019, Hydro One received a request to open a new account at the property by Ms. C who had agreed to rent the property from Ms. T.

Under its *Conditions of Service*, Hydro One can refuse to open a new account if it believes the old and new account owners are affiliated and the new account is being opened to avoid paying the outstanding bills. Believing there was an affiliation between Ms. C and Ms. T, Hydro One refused Ms. C's request to open a new account, unless Ms. T paid her outstanding bills in full. Ms. T complained to the Office as she was in jeopardy of losing her tenant.

During the investigation it was determined that the property was indeed a rental property, that Ms. T had moved to another city hours away, that Ms. C had not previously lived at the property, and had no affiliation to Ms. T that would justify denying a new account.

Hydro One accepted the Ombudsman's recommendations that Hydro One open a new account for Ms. C, while working separately with Ms. T on payment arrangements for the unpaid bills on her closed account.

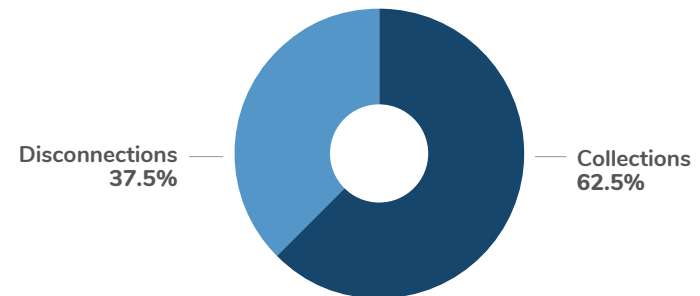
COLLECTION ACTIVITIES

The increase of 52% in collection activities were typically from customers looking for assistance in setting up a new installment plan, seeking financial assistance with their bills or who expressed an inability to afford their monthly charges. This increase reflects the larger trend the Office observed regarding overall affordability challenges faced by many complainants. Hydro One continues to employ a more flexible approach to collections which allows it to work with customers on an individual basis to reach a resolution that fairly balances the interests of both the customer and the company.

“I am writing this note to you to thank you for all of your time and effort with my concerns...I cannot thank you enough for listening and being empathetic to my situation... I just am grateful and appreciative for the kindness that was shown to me.”

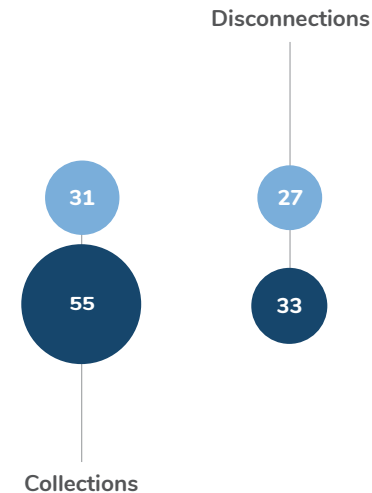
— HYDRO ONE CUSTOMER WHO EXPERIENCED A DISCONNECTION

COLLECTION ACTIVITIES 2019 PERCENTAGES



NUMBER OF COLLECTION ACTIVITIES COMPLAINTS

● 2018
● 2019





CASE STUDY

Disconnection Resolution

Ms. B's power was disconnected because of substantial unpaid bills. Because of her poor payment history and the default on multiple installment plans, the company required that the balance be paid in full before power was reconnected. Ms. B sought our assistance as she felt that Hydro One's position was unfair.

During the investigation, it was found that Hydro One was not being unreasonable in requesting Ms. B to pay the full amount she owed upfront before reconnection. However, after being without power for many weeks, it became clear that Ms. B would not be able to provide the requested payment. Both Hydro One and Ms. B were willing to work with the Office to explore whether any other solutions were possible.

Ms. B agreed to enrol in the budget billing plan which would allow her to know the set amount of her new monthly charges in advance. She further agreed to sign-up for pre-authorized payments with allowed the Company to automatically withdraw Ms. B's monthly charges.

Hydro One, in turn, agreed to reduce the amount of the required upfront payment to 25%, applied a small discretionary credit towards the late interest charges and developed a reasonable installment plan going forward for the balance still owing. As a result, Ms. B's electricity was immediately reconnected and she has been successfully making payments on her account ever since.

“Ombudsman involvement in our business has driven significant and positive change.”

— HYDRO ONE EMPLOYEE

PRICES, RATES AND FEES

Complaints about prices, rates and fees had the largest year-over-year increase of any category, with 76% more complaints received in 2019. The majority of these increases were complaints about delivery charges, which increased by 364%. Almost half of these complaints were from seasonal customers upset with the differences in their delivery charges as compared to their non-seasonal neighbours. The remaining complaints largely stemmed from residential customers dissatisfied with the high delivery costs compared to their usage. In both instances, we are limited in what solutions we can offer customers, as delivery charges are approved by the Ontario Energy Board through rate applications. In these cases, we provided information and education

on what delivery costs represent and information to seasonal customers on the ongoing review of the potential elimination of the Seasonal Rate Class.

The other significant driver of complaints was general complaints regarding electricity prices. While some were from customers unhappy about being transferred from tiered to TOU pricing model, the majority of complaints stemmed from TOU pricing itself. After TOU prices increased on November 1, 2019, there was a spike in complaints about TOU prices, with 69% of these complaints received after the increase. This is reflective of the increased struggles observed with general electricity affordability.

WHAT IS TIME-OF-USE?

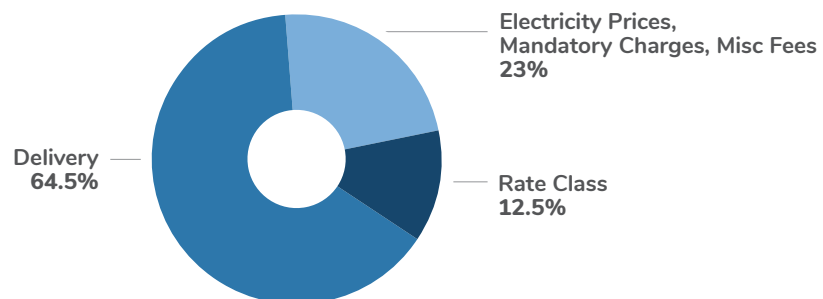
Since 2010, the Government of Ontario has required all electricity companies to implement TOU pricing for their customers and requires the use of smart meters in homes and businesses. Neither Hydro One, nor any other utility in the province, had any choice about switching its customers to TOU pricing. Since then, over 1.2 million Hydro One customers have been converted.

With TOU pricing, the cost of electricity varies depending on the time of day it is used, reflecting the overall demand for electricity at that time. TOU pricing separates days into three periods: on-peak, mid-peak, and off-peak, with higher electricity costs tied to those periods of higher demand. Weekends and Statutory Holidays are always off-peak. The Ontario Energy Board is responsible for setting TOU rates, and updates TOU pricing May 1 and November 1 each year. Neither Hydro One, nor any other utility in the province, can change the TOU prices it charges its customers.

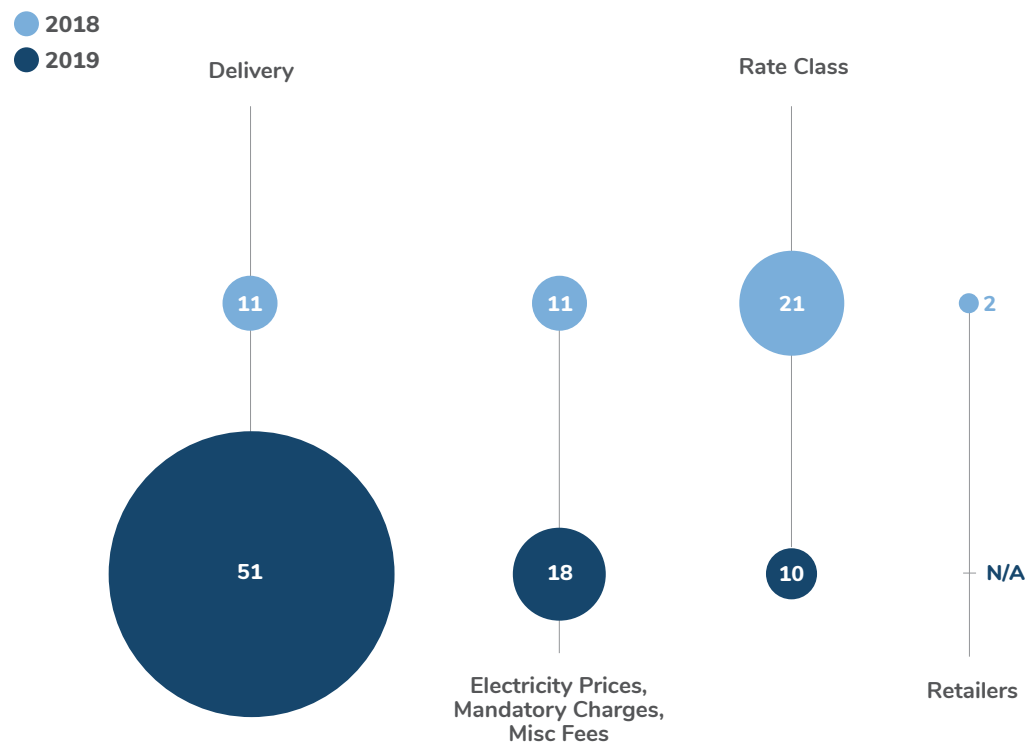
The only Hydro One customers who are not currently on TOU are largely located in areas where smart meter communication is negatively affected by geography or sparse population. The government's requirement for TOU does not allow customers to move back to tiered pricing once their smart meter is in regular and reliable communication with Hydro One.



PRICES, RATES AND FEES 2019 PERCENTAGES



NUMBER OF PRICES, RATES AND FEE COMPLAINTS



CASE STUDY

Shift to Time-of-Use

Mr. F received a notice from Hydro One that he would be switched from tiered to TOU pricing. Tiered pricing allows for a set amount of electricity to be charged at one rate, with any additional usage billed at a higher rate. Mr. F believed that TOU was unfair to seniors, as most of their electricity is consumed during peak hours. He contacted the Office with the hope of remaining on tiered pricing.

After discussions with Hydro One, it was confirmed that only customers whose smart meters were not communicating effectively could be switched back to tiered pricing. Otherwise, the Ontario Energy Board, who regulates all electricity companies in Ontario, requires all electricity companies to move their customers to TOU pricing.

Mr. F was advised that all eligible residential customers must be converted to TOU, except for those with technical challenges. It was confirmed that Mr. F's meter was not experiencing those technical challenges, and therefore neither Hydro One, nor the Office, was able to make a decision contrary to the OEB's requirement.

BILLING AND METERING

While there are no indications of widespread errors within the billing system, complaints about accounts and billing increased in 2019. Most complaints were unique to the individual complainant such as balance transfers or difficulties in setting up or making changes to a Hydro One account. In most instances, we connected complainants with the appropriate person or department at Hydro One who could provide the necessary assistance to address the issue.

Despite the established track record for smart meter reliability, and the various tools available to customers to review and track their actual usage, complaints about meter accuracy increased in 2019. In most instances, these complaints are driven by customers who receive high-bills and believe they are not an accurate reflection of their actual consumption.

HOW SMART IS YOUR SMART METER?

Measurement Canada is an independent federal agency responsible for the approval, verification, inspection and sealing of the measurement components of all electricity meters. It is also responsible for investigating complaints of meter inaccuracy. Measurement Canada is in no way affiliated with Hydro One or any other utility company.

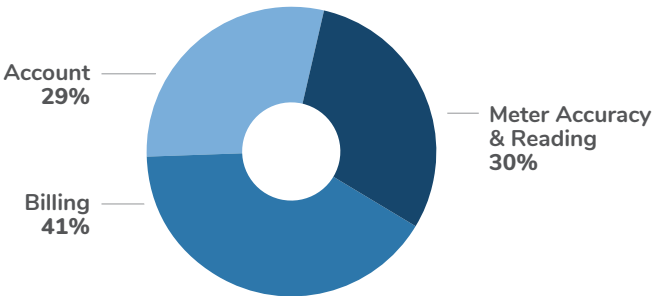
Smart meters must meet strict requirements related to accuracy. Measurement Canada or accredited organizations:

- Verify the accuracy of the meters before they are placed into service
- Seal the meters after they have passed inspection
- Periodically check to make sure the meter accuracy is maintained

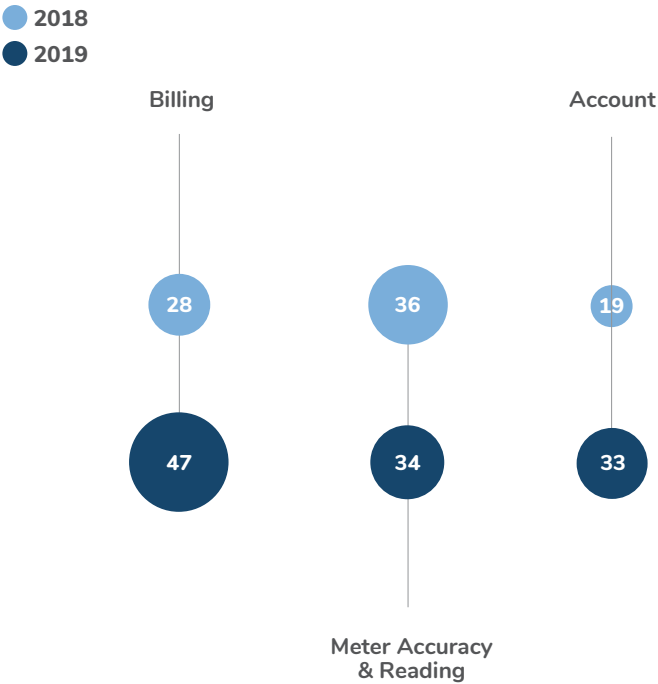
Hydro One has specialized tools that can test smart meters accuracy in the field, should an investigation be warranted. In situations where Hydro One's testing confirms meter accuracy, customers may still make a complaint to Measurement Canada who can also conduct their own independent testing to confirm reliability.

In 2019, Hydro One completed a total of 3,036 smart meter accuracy tests at the request of customers. All meters tested met the required Measurement Canada standards. To date, four of these have also completed testing at Measurement Canada and were found to be accurate.

BILLING AND METERING 2019 PERCENTAGES



NUMBER OF BILLING AND METERING COMPLAINTS





CASE STUDY Bill Accuracy

In the summer of 2016, Ms. N contacted the Office believing she was being improperly charged for a sentinel light that was no longer at her property. The Office investigated the matter and determined that Ms. N was correct and that Hydro One had been incorrectly charging her for the light after it had been removed. The error was fixed and she received a credit for the amount that she had been overbilled.

In the spring of 2019, Ms. N contacted the Office again regarding the same issue. The Office conducted a follow-up investigation and discovered that the charge for the sentinel light reappeared on Ms. N's bill in November 2016. Due in part to these additional charges, her account was in arrears and she was facing possible disconnection.

Ms. N had a disability that required certain accommodations, including assistance when having long or technical conversations. This compounded Ms. N's difficulties in having her concerns resolved through the company's standard complaints process.

Ultimately, the investigation found that a second, unrelated error had occurred which resulted in the reappearance of the sentinel light charge several months after the 2016 investigation had been completed. The improper charges, late payment fees and interest from the account were removed and all collection action was immediately stopped.

“Everyone within the Ombudsman function who we have worked with has been very responsive, informative, friendly, positive and helpful.”

— HYDRO ONE EMPLOYEE

FIELD OPERATIONS

Field operations complaints represented 30% of all complaints received in 2019. This includes customer-driven work such as new connections, maintenance work including tree trimming and right-of-way management as well as power outages and power quality.

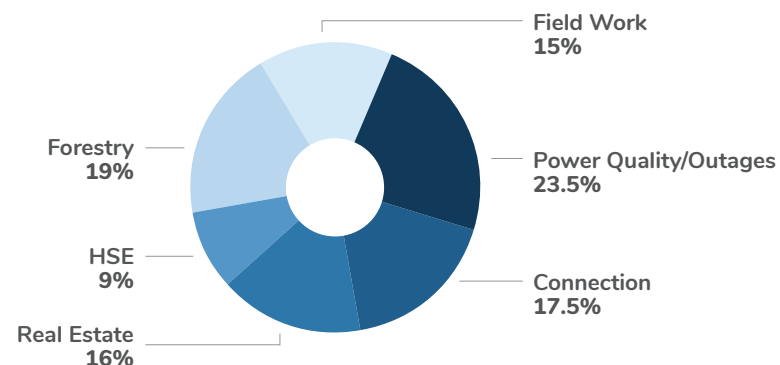
Power quality and outage complaints decreased by 46% in 2019, reflecting Hydro One's ongoing commitment to improving system reliability, accompanied by favourable weather conditions throughout most of the year.

We saw large increases in complaints about forestry and completion of field work. While the majority of these complaints were from customers seeking to have work done by Hydro One, a large number related to work that had been delayed, done improperly, or where worksites had not been left in condition acceptable to the customer.

“...we really see the value it's adding to our company and most importantly our customers.”

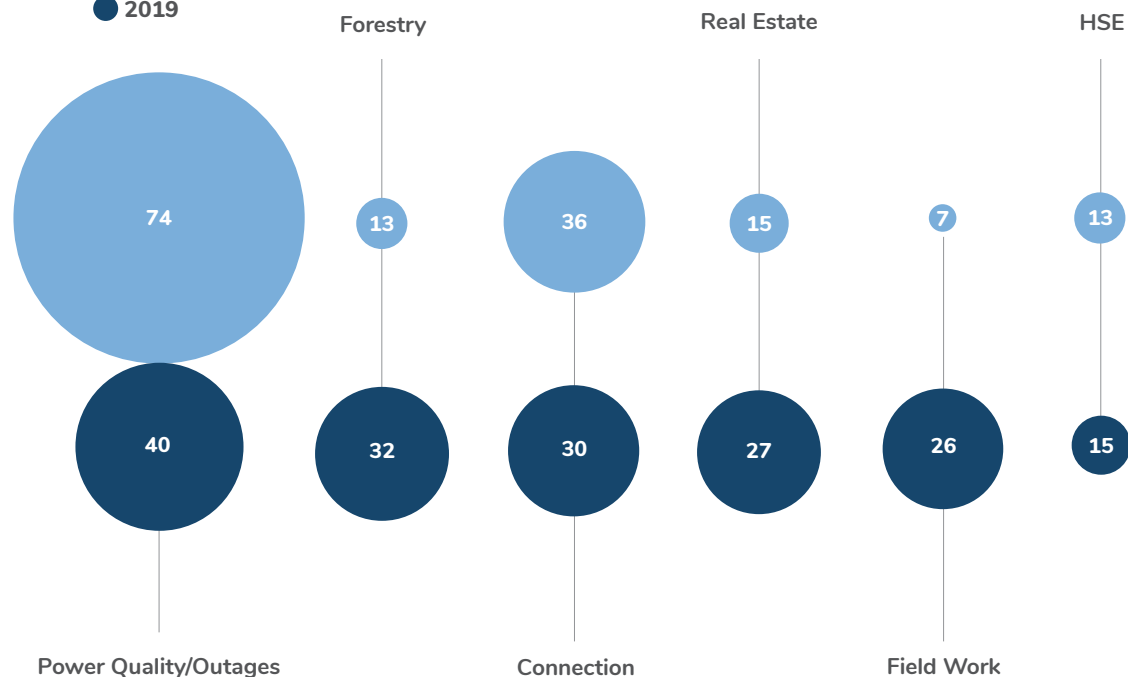
— HYDRO ONE EMPLOYEE

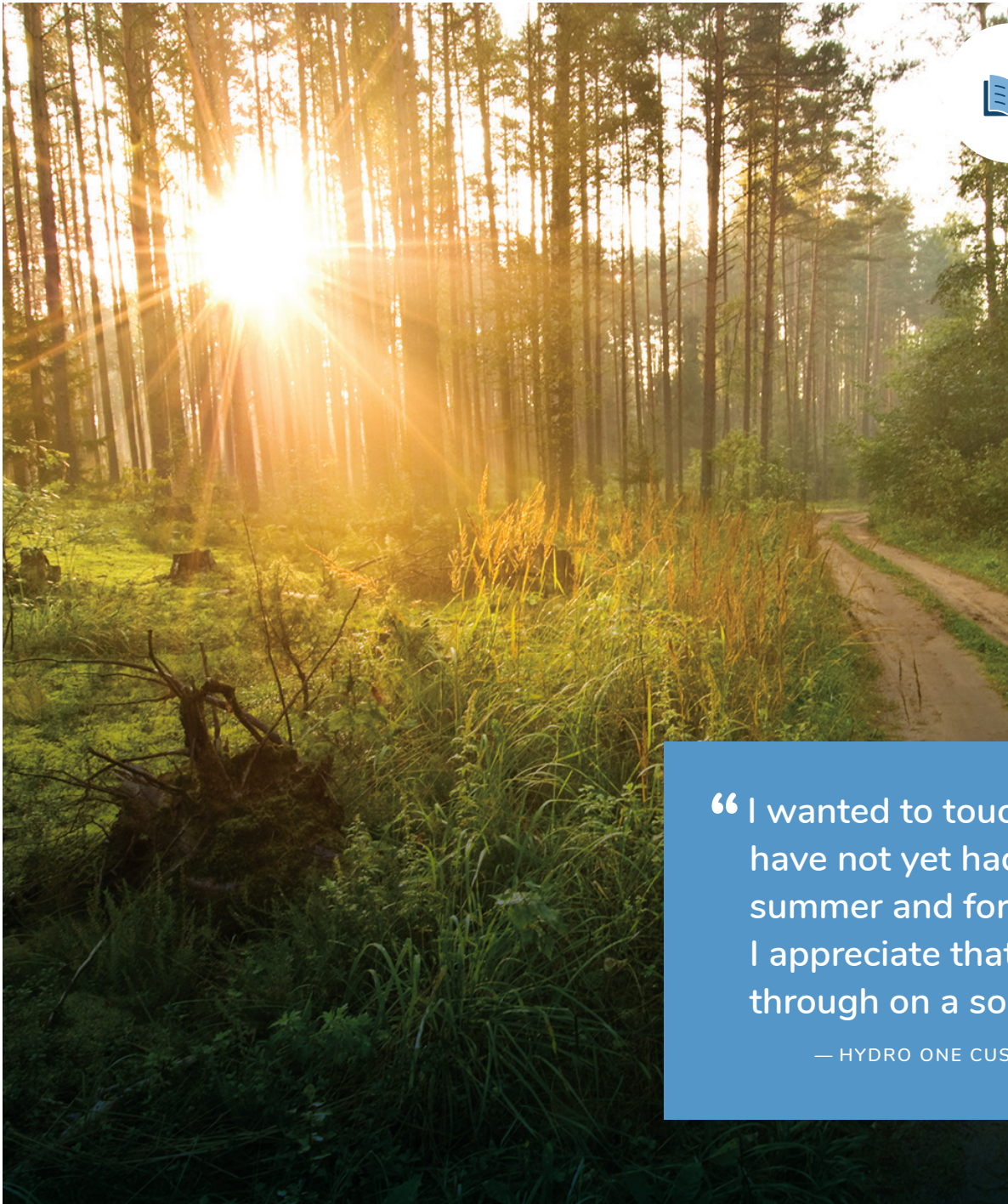
FIELD OPERATIONS 2019 PERCENTAGES



NUMBER OF FIELD OPERATIONS COMPLAINTS

● 2018
● 2019





CASE STUDY Tree Removal

In the fall of 2017, Hydro One assessed and removed 59 trees that posed a hazard to power lines running adjacent to Mr. E's property. Mr. E believed the removal of the trees was unnecessary. He contacted Hydro One after consulting with a nursery, and asked for a significant amount of money to replace the trees. After considering his complaint and reviewing their records, the company found the removal of the trees was proper.

Since the trees were identified as being a hazard to the power lines, the company took the position that the *Electricity Act* gave it the right to remove these trees without the need to compensate the customer. Nonetheless, Hydro One agreed to provide a lesser sum of money than requested for new trees to be purchased and planted elsewhere on the property. Mr. E declined the offer and complained to the Office. The investigation found this was not an unreasonable interpretation of the legislation, and that the company's offer to Mr. E was reasonable in the circumstances.

“I wanted to touch base to let you know that we have not yet had a power surge or outage this summer and for that, my kids and I are SO grateful. I appreciate that you and your team followed through on a solution to fix the issue.”

— HYDRO ONE CUSTOMER WHO EXPERIENCED FREQUENT POWER SURGES

Working with the company

Since its opening, the Office has established a collaborative working relationship with Hydro One. From field operations to the executive team, our ability to have candid conversations about what we hear from complainants and what we discover during our investigations allows us to provide reasonable, practical and actionable recommendations for improvements to benefit Hydro One's customers and the public.

Recommendations can stem from individual complaints, or from broader trends observed. Of the 26 individual investigations completed in 2019, recommendations made by the Office and accepted by the company include:

- Compensation for a group of customers who experienced unreasonable power interruptions after Hydro One failed to meet its vegetation maintenance standards
- Reversal of decision to deny a new account opening after suspected fraudulent activity was proven to be unfounded
- Improvements to the process for obtaining easements when installing equipment and assets on private property, including strengthening the training and tools available to employees
- Improved work instructions and employee coaching to prevent human errors resulting in billing inaccuracies
- Improvements to the new connection process to prevent manual errors that could result in incorrect cost estimates
- Clarifying the applicable qualifying criteria for customers applying for the First Nations Delivery Credit to ensure fair access to the benefit





“ I find the Office is very thoughtful in their approach and genuinely interested in helping us do a better job. The updates and engagement I have had with this Office have been meaningful and helpful for driving change in my business.”

— HYDRO ONE EMPLOYEE

“There are really no suitable words to express my gratitude...there is human understanding in your office and it was evident in my interactions...I am so, so grateful.”

— HYDRO ONE CUSTOMER WHO
EXPERIENCED A DISCONNECTION

HOW CAN WE HELP?

 1-844-608-8756 or 416-345-1505

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 Ombudsman@HydroOne.com

 416-345-6129

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Delivering fairness.

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