



ANNUAL REPORT 2018

OFFICE OF THE HYDRO ONE OMBUDSMAN



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Message from the Ombudsman



We are advocates
for and champions
of fairness.

This report presents the Office of the Hydro One Ombudsman's results for the fiscal period of January 1, 2018 to December 31, 2018 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 to my Office decreased by 55% in 2018. The greatest decline was in complaints about general affordability and from customers who were behind in paying their bills. These downward trends were first observed in 2017 with the introduction of the Province's *Fair Hydro Plan* and with Hydro One's overhaul of the way it handles overdue accounts. This year we also started to see improvements arising from recommendations we made to the company in previous years in areas such as the handling of damage claims.

As a greater percentage of overall complaints in 2018 arose from field work, we focused more of our attention on identifying opportunities to address systemic issues in operations. In 2018, we made recommendations to improve the management of new connection and expansion projects, continued to advocate for greater transparency in customer contracts, and highlighted the need for the company to improve the reliability of the post-storm restoration times communicated to customers. In many instances, implementing these recommendations are multi-year projects that require significant "behind the scenes" work by the company before improvements can be seen or measured. However, based on steps already being taken by the company in response, I am confident that benefits will be seen in the near future.

My Office continues to work collaboratively and proactively with Hydro One, and looks for opportunities to resolve complaints on an "informal" basis without launching formal systemic investigations. This approach continues to work well for all stakeholders. The depth and breadth of our recommendations range from monetary credits on individual customer accounts, to the development of a process to identify and assess customers experiencing an unreasonable number of power outages. When determining how to fairly resolve an issue, the Office is not strictly bound by the confines of laws and regulations; instead, each recommendation is carefully developed to ensure fairness to all parties. All told, 35 recommendations were made to Hydro One in 2018, all of which were accepted by the company.

Our focus continues to be on the resolution of individual and systemic issues in a way that is fair to both the customer and the company. Based on Hydro One's level of engagement and cooperation to date, I am confident my Office will continue to contribute to further positive changes to the way Hydro One does business. A fair and balanced approach to problem resolution, and a dedication to policy and operational changes, will continue to pave the way for improved customer service in the weeks, months, and years to come.

Sophie Petrillo
Ombudsman

About the office

The Office of the Hydro One Ombudsman was created to help 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). Our services are free and confidential.



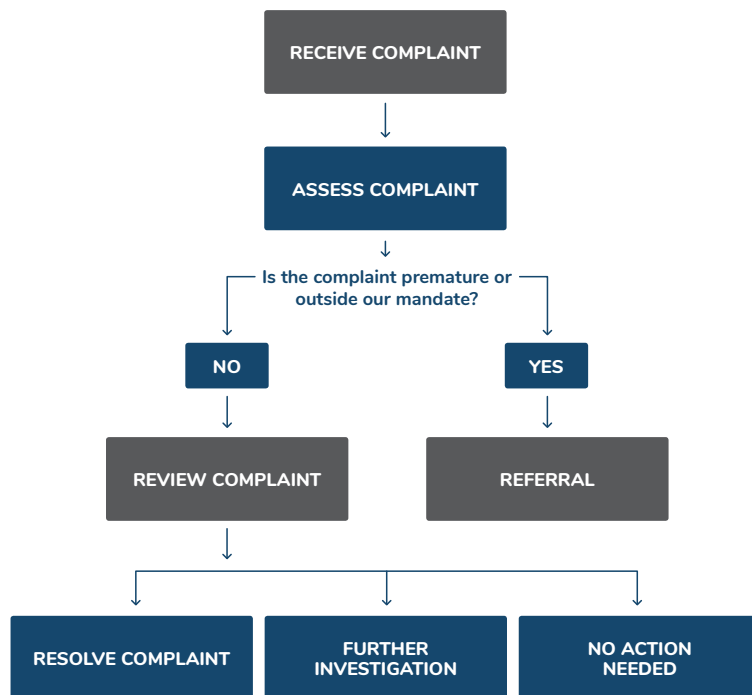
MANDATE

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

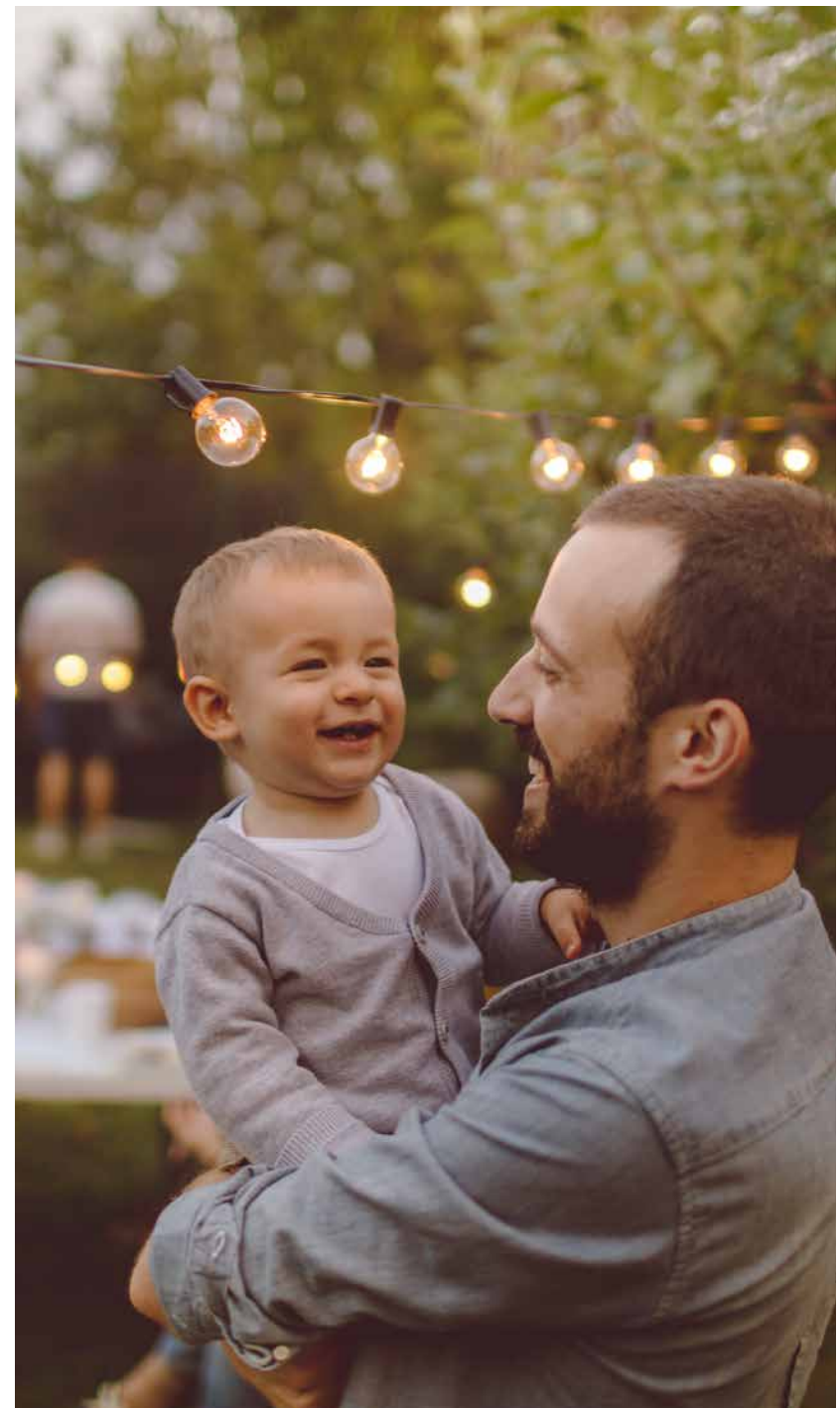
(Reference: Section 1, Mandate of the Ombudsman, October 2015.)

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

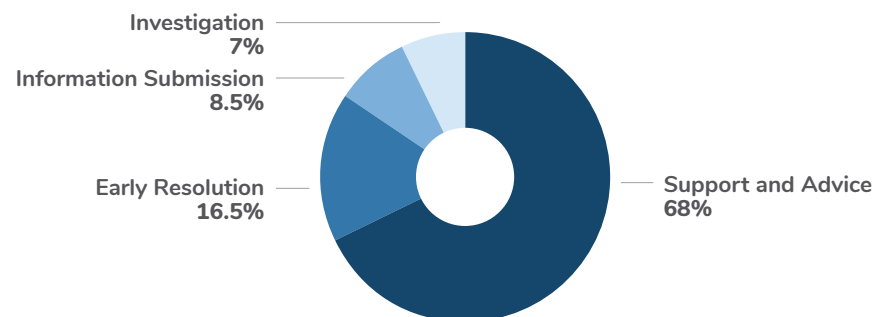
The Office of the Hydro One Ombudsman tries to resolve complaints through our **early resolution** stream by engaging in informal discussions and mediation with the complainant and the company.

This allows us to resolve issues for complainants quickly and effectively. Where an issue 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 2018 PERCENTAGES

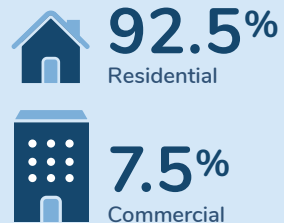


The story in numbers

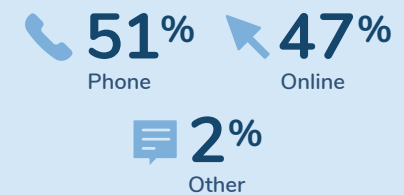
COMPLAINTS HANDLED



WHO CONTACTS THE OFFICE?



HOW THE PUBLIC CONTACTS US?



RECOMMENDATIONS ACCEPTED



COMPLAINT ACKNOWLEDGMENT



COMPLAINT RESOLUTION



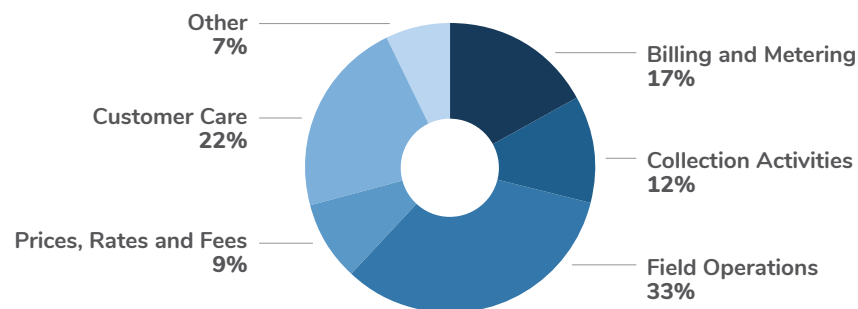
Breakdown of complaints by topic

In 2018 the Office received 55% fewer complaints than it did in 2017. This reduction in complaint volume is due in part to the implementation of a centralized complaints process by Hydro One in response to recommendations made by the Office in 2017.

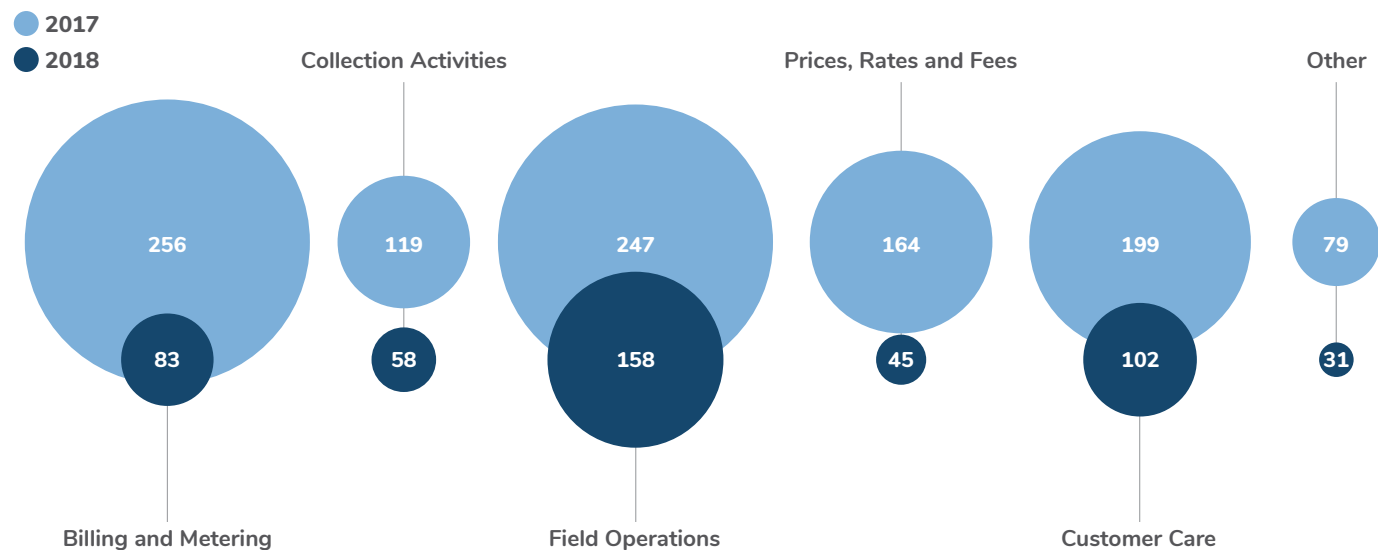
This process has provided greater opportunities for customer complaints to be addressed within the company, which in many instances eliminated the need for escalation to the Office.

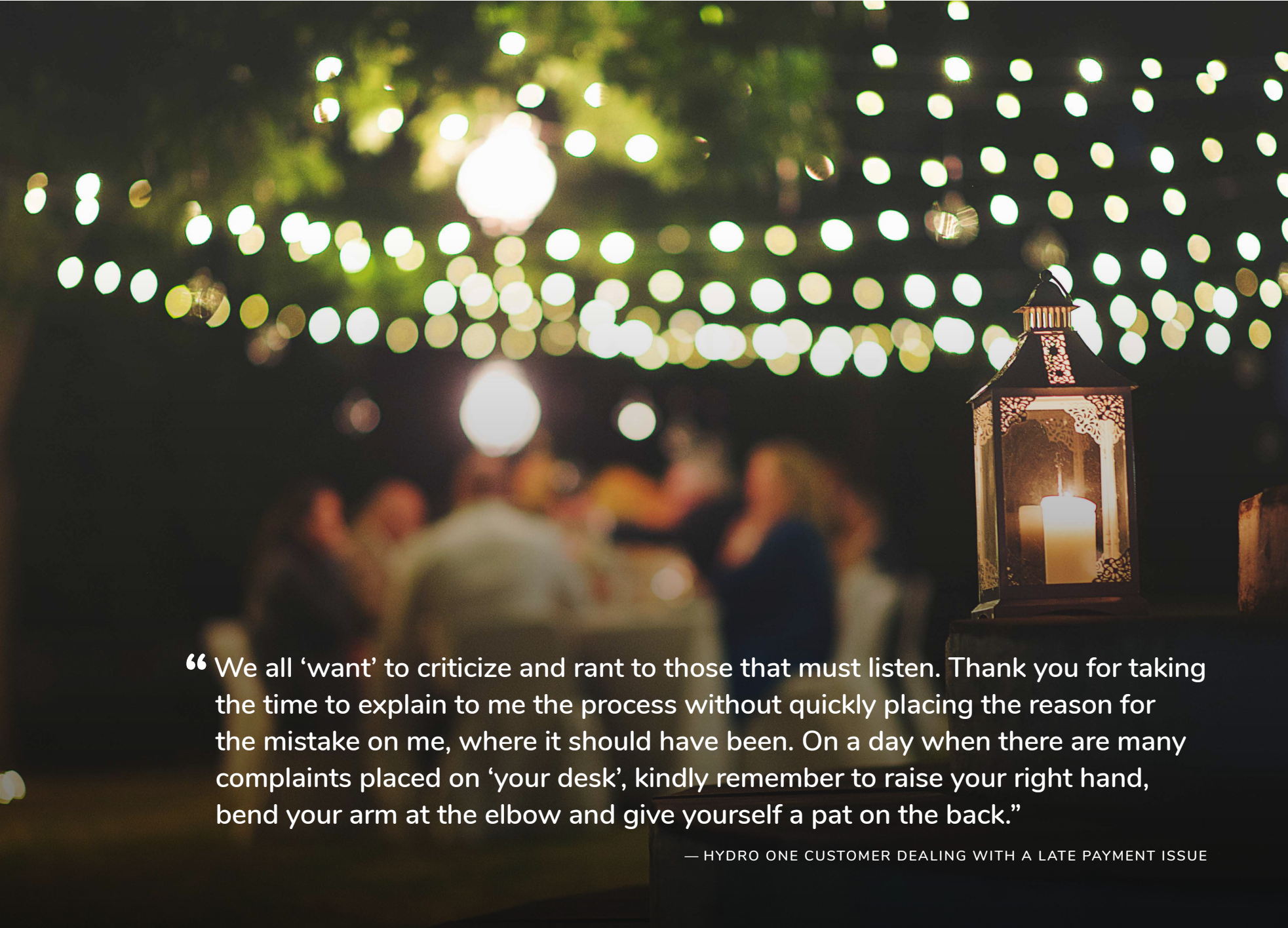
Electricity prices have also had an impact on complaint volumes—lower electricity costs are resulting in fewer complaints. This was most clearly reflected in the number of complaints received about collection activities, billing and metering, and prices, rates and fees.

BREAKDOWN OF COMPLAINTS BY TOPIC



NUMBER OF COMPLAINTS BY TOPIC



A photograph of a night event. In the foreground, a lit lantern with a candle inside sits on a dark surface. The background is filled with out-of-focus string lights, creating a bokeh effect. Blurred figures of people are visible in the mid-ground.

“ We all ‘want’ to criticize and rant to those that must listen. Thank you for taking the time to explain to me the process without quickly placing the reason for the mistake on me, where it should have been. On a day when there are many complaints placed on ‘your desk’, kindly remember to raise your right hand, bend your arm at the elbow and give yourself a pat on the back.”

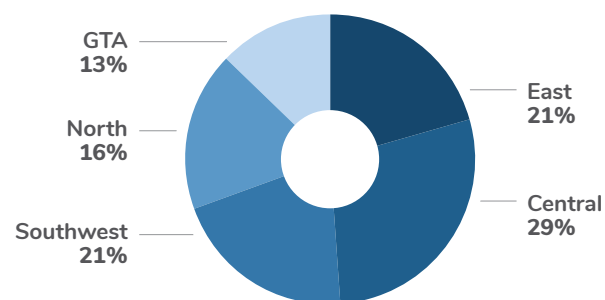
— HYDRO ONE CUSTOMER DEALING WITH A LATE PAYMENT ISSUE

Breakdown of complaints by region

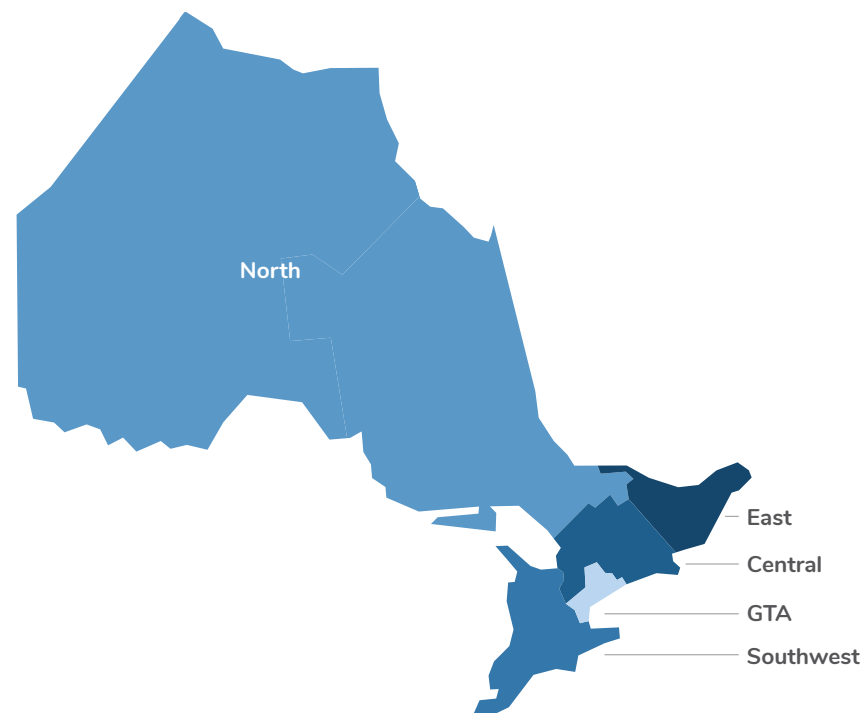
The Office of the Hydro One Ombudsman tracks the origin of complaints by recording the postal code of the property which is the subject matter of the complaint.

Overall, postal codes were collected for 89% of complaints handled in 2018. 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

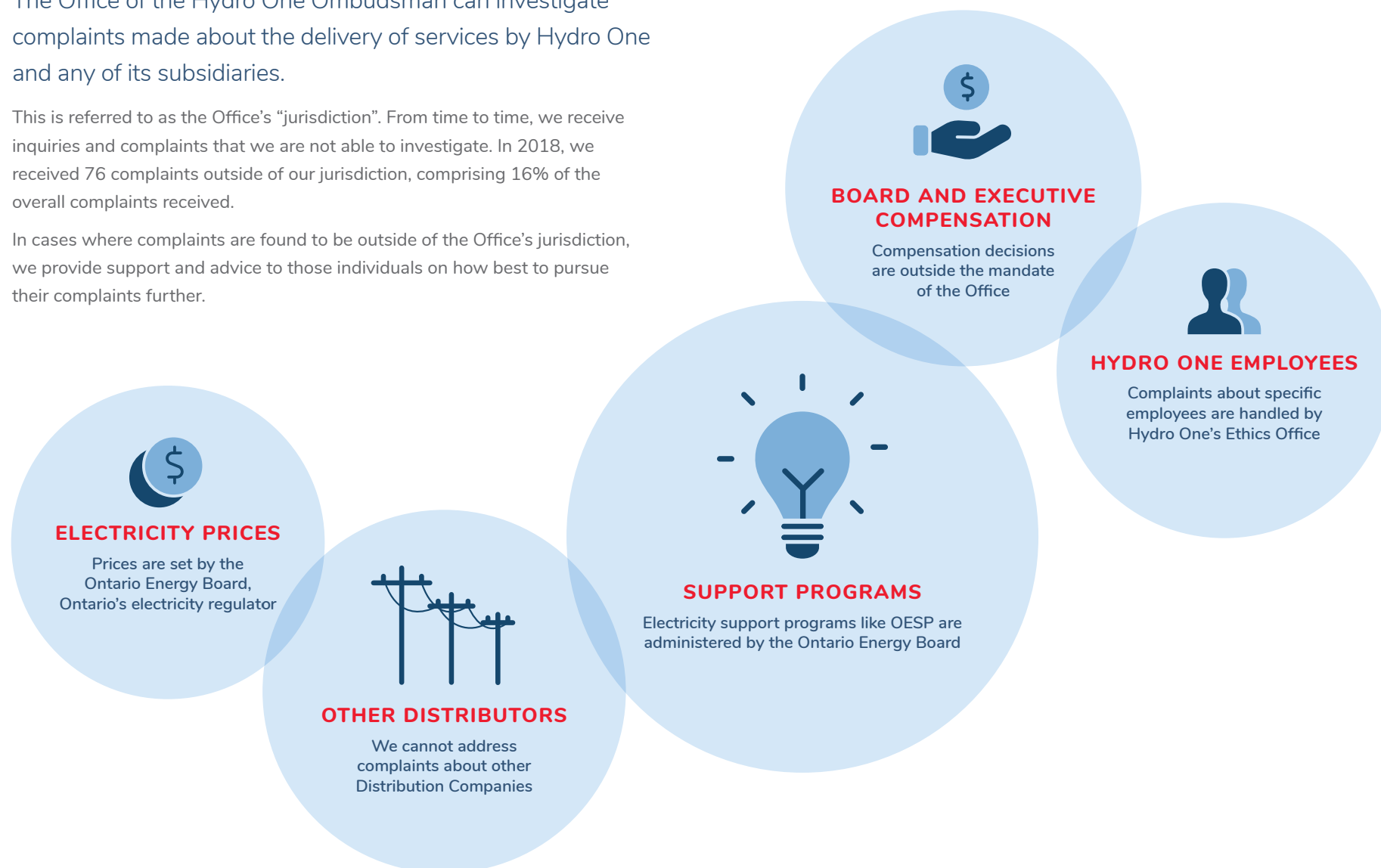


Top five complaints outside our jurisdiction

The Office of the Hydro One Ombudsman can investigate complaints made about the delivery of services by Hydro One and any of its subsidiaries.

This is referred to as the Office's "jurisdiction". From time to time, we receive inquiries and complaints that we are not able to investigate. In 2018, we received 76 complaints outside of our jurisdiction, comprising 16% 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 best to pursue their complaints further.



Complaints by topic

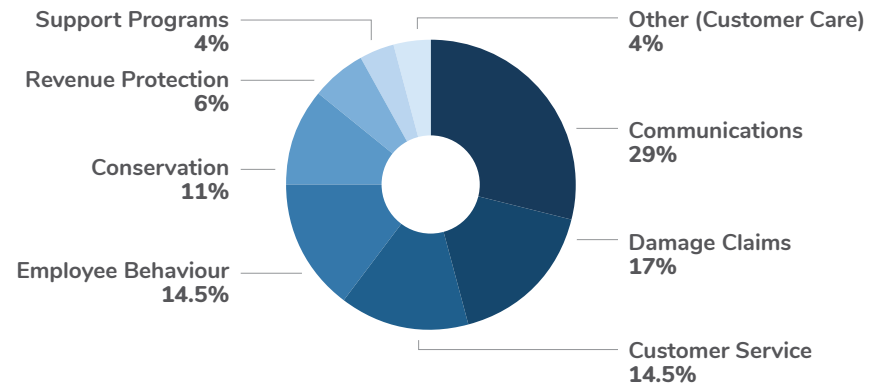
CUSTOMER CARE

The overall number of complaints about customer care issues decreased by 49% from 2017. The largest decrease was in complaints about conservation programs and energy efficiency issues. This drop can be explained almost entirely by the fact that Hydro One discontinued the mailing of the unpopular “Home Energy Dashboard” to customers in November 2017 which was intended to give customers the ability to compare their electricity consumption to that of their neighbours.

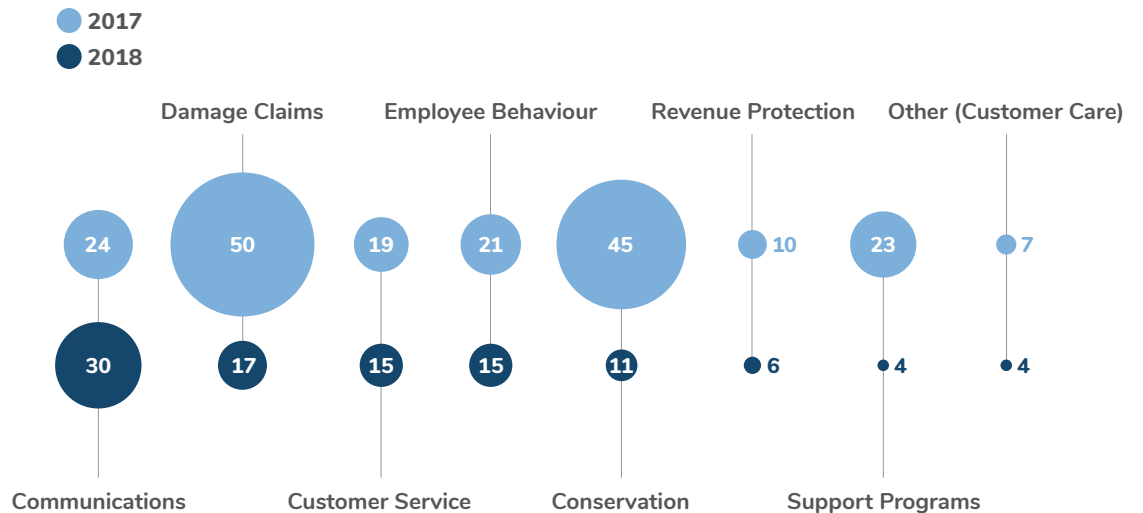
As set out in last year’s report, the Office received a significant number of complaints about the handling and adjudication of damage claims. The Office recommended a number of process changes to the company which were accepted and implemented by Hydro One in 2018. Complaints subsequently decreased by 66% in just one year.

The only area within customer care that saw an increase in complaints in 2018 was in communications, primarily due to negative reactions by customers and members of the public to the cost of Hydro One’s bill re-design.

CUSTOMER CARE 2018 PERCENTAGES



NUMBER OF CUSTOMER CARE COMPLAINTS





CASE STUDY

Accessing private property

A Hydro One employee went to Mr. B's property to replace his meter as part of an auditing program. The customer was not given advance notice of the service call. The customer refused entry because the meter technician was not able to provide proper identification when requested for some. Also, Mr. B felt that he should have been provided with advance notice that Hydro One would be entering onto his property to change his meter.

When an employee is entering onto private property, Hydro One's Conditions of Service require the employee to display or produce proper identification upon request. Since a policy already existed which addressed the customer's issue, our recommendation to Hydro One was to ensure that this requirement was reinforced with front line employees through additional training. The Office also made recommendations to the company that reasonable notice be provided to customers when accessing private property in non-emergency situations. Hydro One accepted these recommendations.

“The team really seems to want to use real experiences to help us identify areas to improve.”

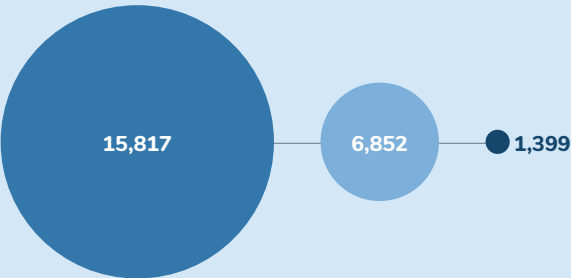
— HYDRO ONE EMPLOYEE

COLLECTION ACTIVITIES

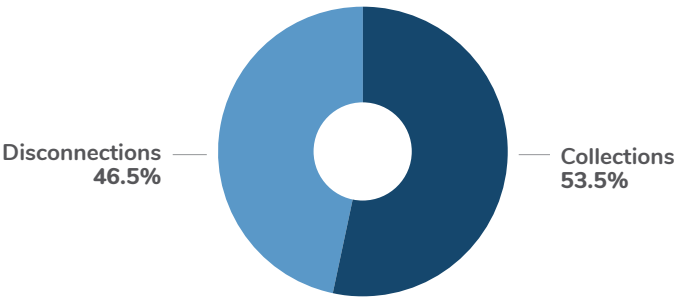
In 2018, Hydro One continued to improve its collection policies and processes. For example, a dedicated team of specialists empowered to work with customers on achieving flexible and realistic repayment plans contributed to Hydro One disconnecting 80% fewer customers in 2018. These improvements contributed to a 51% decrease of complaints in this area since last year. When we did receive complaints regarding collection and disconnection activities, we were able to connect the customer with the appropriate person in the collections team so the company had the opportunity to reach a resolution directly with the customer.

NUMBER OF DISCONNECTIONS BY HYDRO ONE

● 2016 ● 2017 ● 2018

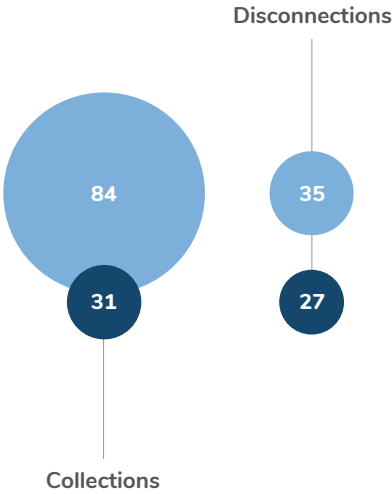


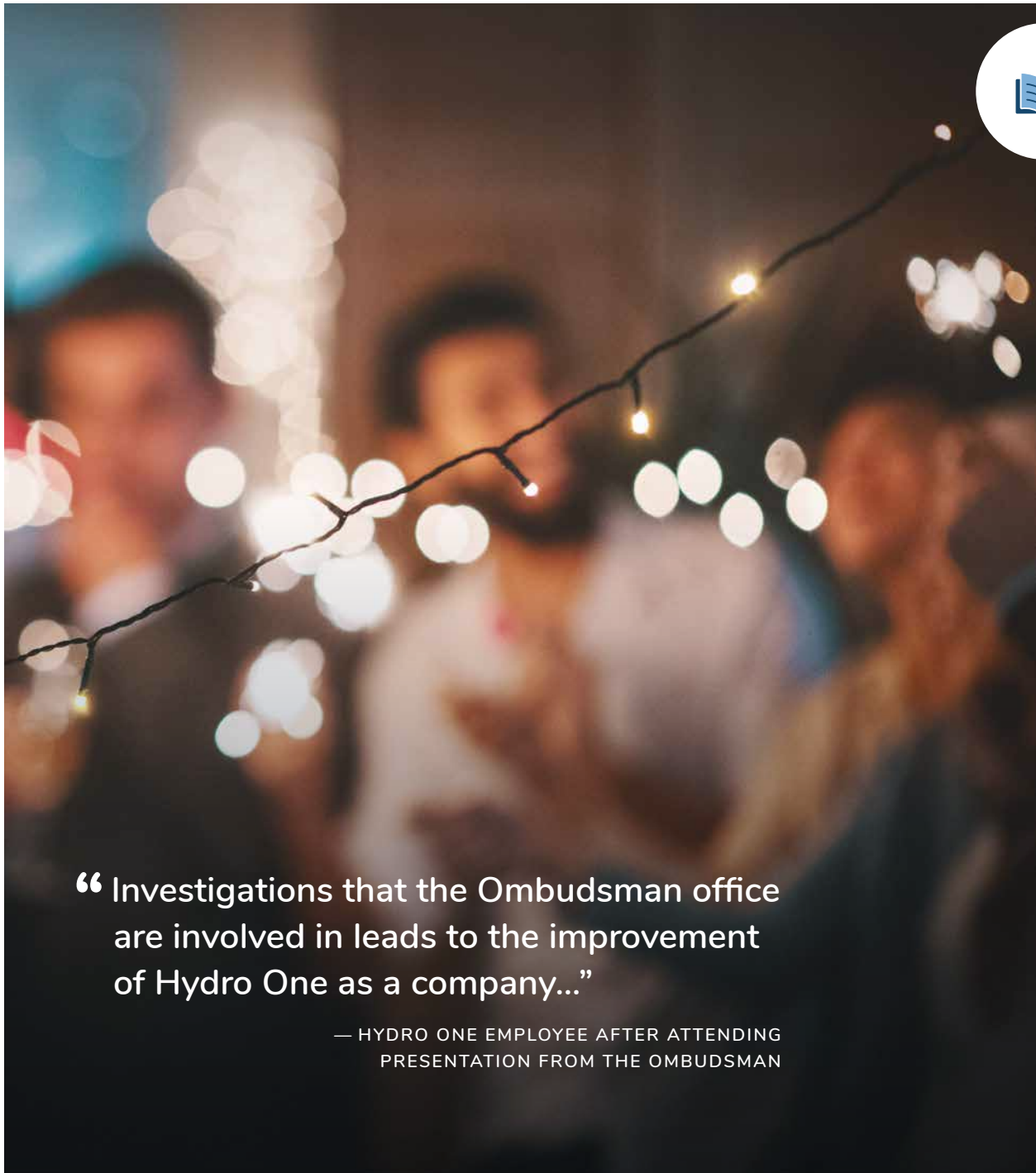
COLLECTION ACTIVITIES 2018 PERCENTAGES



NUMBER OF COLLECTION ACTIVITIES COMPLAINTS

● 2017 ● 2018





CASE STUDY

Account consolidation

ABC Inc. objected to the fact that Hydro One had transferred unpaid balances on two of its closed accounts to the company's active account ("Consolidated Arrears") and was insisting that the Consolidated Arrears be paid in full before Hydro One would allow ABC Inc. to transfer its active account into the name of a related corporation.

After investigating this matter, the evidence did not support a finding that Hydro One was acting unreasonably in consolidating the three accounts or insisting that the Consolidated Arrears be addressed before allowing any other account changes to be made. As set out in its Conditions of Service, Hydro One has the right to transfer arrears from one account in a customer's name to any other account that includes that same customer's name. We were able to conclude that all three accounts were in the name of ABC Inc., the designated corporate representative for all three accounts was the same individual, there was a common mailing address for all three accounts, and payments for all three accounts were from a common source.

“Investigations that the Ombudsman office are involved in leads to the improvement of Hydro One as a company...”

— HYDRO ONE EMPLOYEE AFTER ATTENDING PRESENTATION FROM THE OMBUDSMAN

PRICES, RATES AND FEES

While overall complaints decreased by 72.5% from 2017, there was a 10.5% increase in complaints from customers about their rate class. This was predominantly driven by customers unhappy with their “seasonal” rate classification. Complaints like this are taken very seriously, but we are limited in

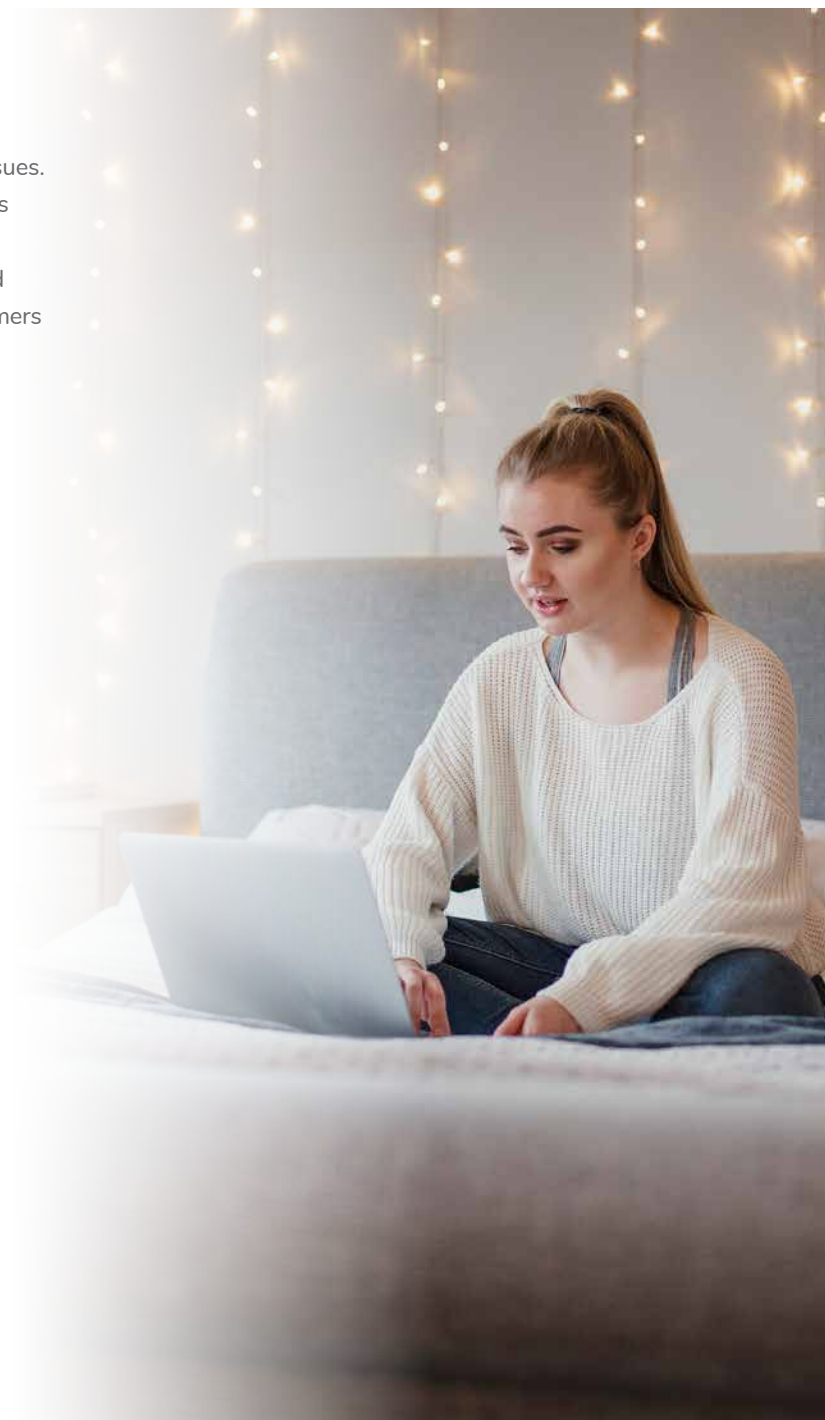
what we are able to do to resolve these issues. The elimination of the seasonal rate class is currently before the Ontario Energy Board. We continue to monitor developments and will ensure that the company keeps customers properly informed as issues are resolved.

WHAT IS SEASONAL RATE CLASS?

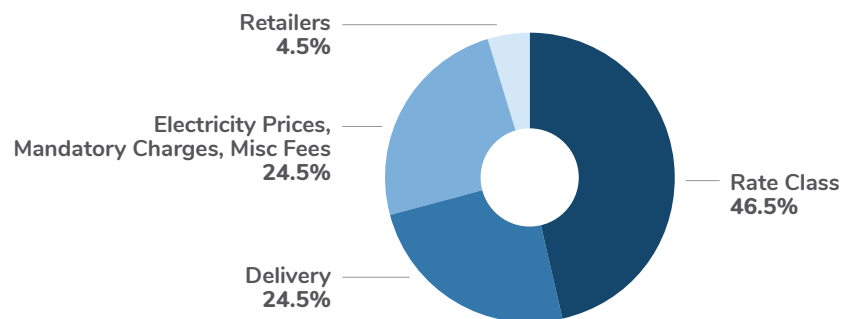
As the provincial regulator, the Ontario Energy Board (“OEB”) sets rates for all distributors in Ontario. The OEB requires a year-round, residential customer to meet four specific criteria that are set out in Hydro One’s rate order. A customer who does not satisfy all of the criteria is deemed to be a “seasonal” customer.

A customer’s rate class will impact the delivery charge they pay and the rate protection programs they may be eligible for. The delivery charge consists of both a flat rate charge and a volume charge. For seasonal customers, the flat rate portion of their delivery charge is lower than the low density residential rate class, but the volume charge is higher. The impact of this pricing is that if consumption is above a certain amount, seasonal customers might end up paying more than their year-round residential neighbour who uses the same amount of electricity.

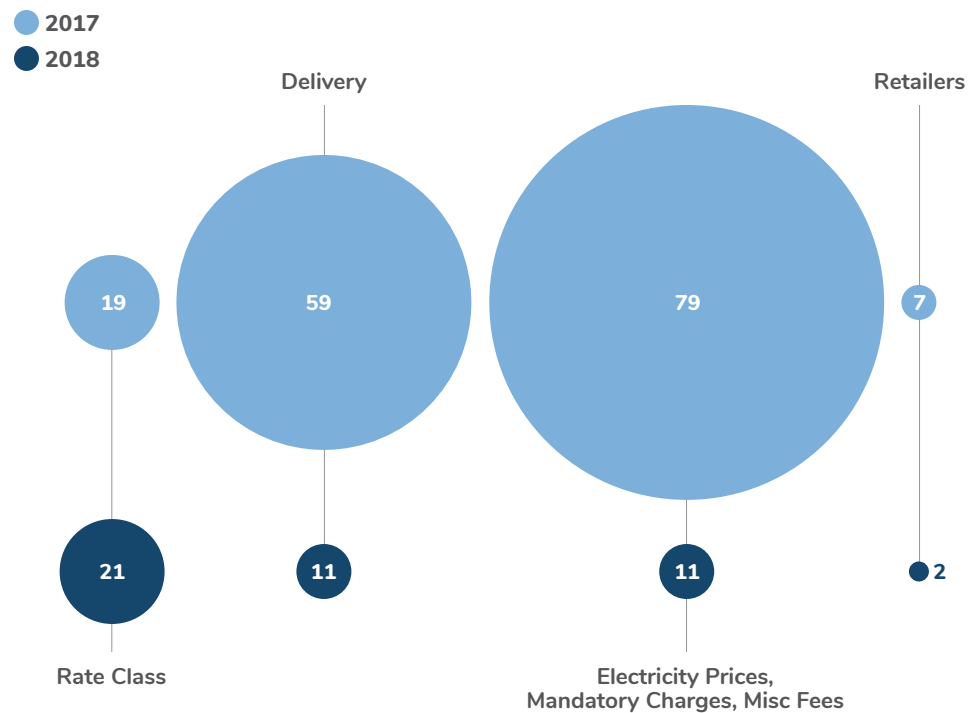
The OEB has ordered that the seasonal rate class be eliminated. In response, Hydro One identified a number of issues that would need to be addressed before it could implement the OEB’s order. It is not possible to predict how quickly this will be done or how it will ultimately impact customers.



PRICES, RATES AND FEES 2018 PERCENTAGES



NUMBER OF PRICES, RATES AND FEE COMPLAINTS



CASE STUDY

Seasonal customer

Mr. N is a Toronto resident who owns a cottage in Hydro One's service territory that he uses several days a week on a year-round basis. He is generally a higher than average electricity consumer—primarily because his cottage is electrically heated. Because he uses his cottage as a second home, Mr. N felt that he had been improperly classified as a "seasonal" customer and wanted his rate class changed to year-round residential.

Mr. N met only one of the four criteria required to be classified as a year-round residential customer. The Office is not able to recommend a customer's rate class be changed from seasonal to year-round residential unless the customer meets all the criteria in the OEB approved rate order. As a result, Hydro One was not acting unreasonably in its rate classification of Mr. N.

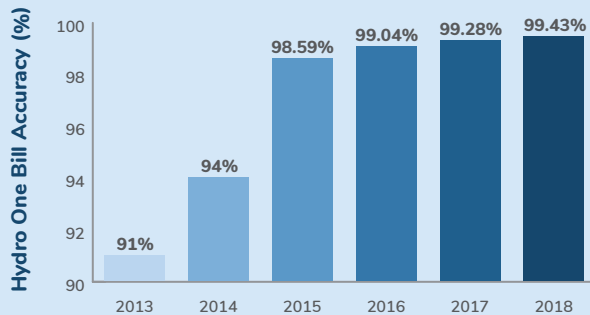


BILLING AND METERING

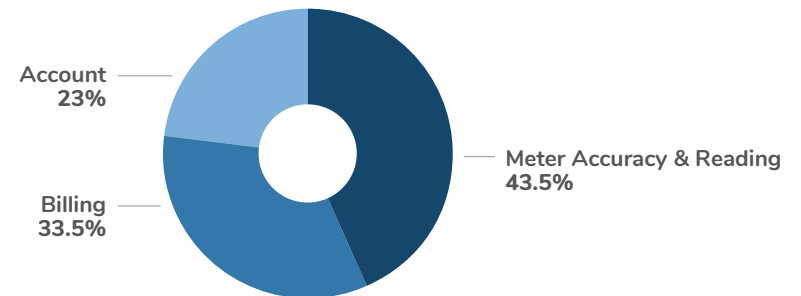
Overall, complaints about billing errors and meter issues decreased by 67.5% from 2017. This is a reflection of improvements in Hydro One's billing accuracy since the company's conversion to its new billing system in 2013. The positive impact of this improvement on customers, and the corresponding impact on reducing complaints, cannot be overstated. Since customers often correlate a higher bill with a billing or meter error, rather than increased electricity prices, the *Fair Hydro Plan* also continues to impact the number of complaints in this area.

HYDRO ONE BILLING ACCURACY

A 1% increase in bill accuracy means 130,000 extra bills being accurate.

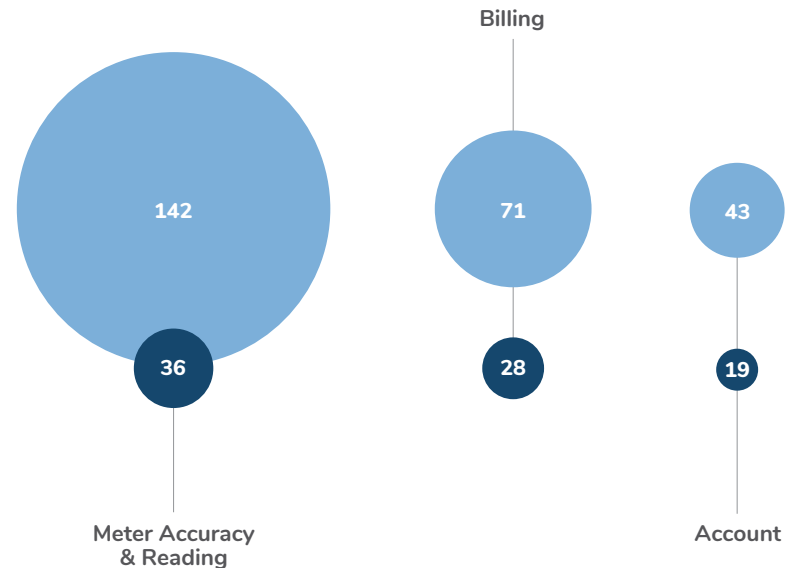



CUSTOMER CARE 2018 PERCENTAGES



NUMBER OF BILLING AND METERING COMPLAINTS

● 2017
● 2018





“The team is competent, reasonable, fair and relevant in their investigations. It’s a true bettering of our business, hence all parties win: employees, customers and shareholders.”

— HYDRO ONE EMPLOYEE



CASE STUDY

Meter accuracy

Ms. W was concerned about a significant increase in her electricity consumption from one year to the next. Hydro One had been repairing power lines in the area and Ms. W believed that there was a link between this work and her increased electricity use. During her communications with Hydro One, Ms. W advised that she recently had a hot tub installed. After having her meter tested and confirming it was working properly, Hydro One concluded that the use of the hot tub was likely the cause of Ms. W’s increased consumption. Ms. W did not agree. Rather, she felt that the work carried out by Hydro One near her property was causing her meter to record inaccurate readings.

At the conclusion of our investigation, there was nothing to suggest that Hydro One’s work in the area was responsible for a jump in consumption, nor that the meter was malfunctioning. Given that the customer’s consumption started to increase at the same time as the hot tub was installed, it is likely that the two were connected.

Addressing complaints such as that of Ms. W are difficult because we are not able to identify sources of electricity consumption. In the case of Ms. W, we advised her she could be switched to Time-of-Use pricing which would allow her to monitor her consumption on a daily and hourly basis through an online portal offered by Hydro One. Further, she could receive an in-home display that would allow her to observe her consumption in real time. Using these tools, the customer would be able to confirm the link between her hot tub and increased consumption and take steps to manage her use.

FIELD OPERATIONS

Thirty-three percent of all cases opened in 2018 were with respect to work carried out in Hydro One's service areas. The overall number of complaints decreased by 36% from 2017, the smallest reduction in any of the complaint categories.

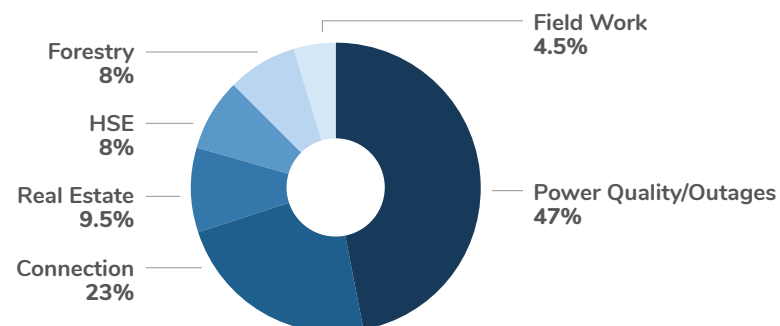
Reliability was an issue for many customers in 2018 as we saw complaints about power quality and outages increase by 23.5%. In most instances, complaints were either about the timing, frequency, and/or duration of outages or about the company's inability to accurately predict and communicate when power would be restored after an outage.

While the company is in the process of implementing previous recommendations we made that would improve transparency and accountability in customer-driven work, such as new connections and expansions, this continues to be a source of complaints to the Office. More work still needs to be done in this area.

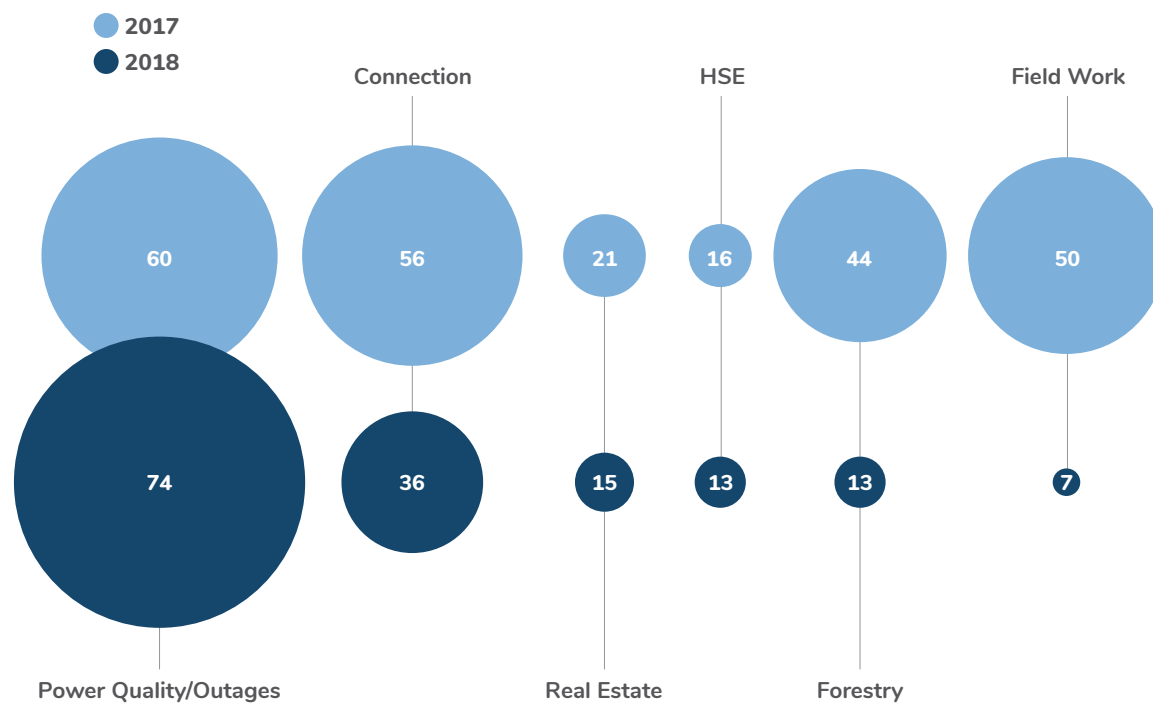
THE DIFFERENCE BETWEEN OUTAGES AND POWER QUALITY

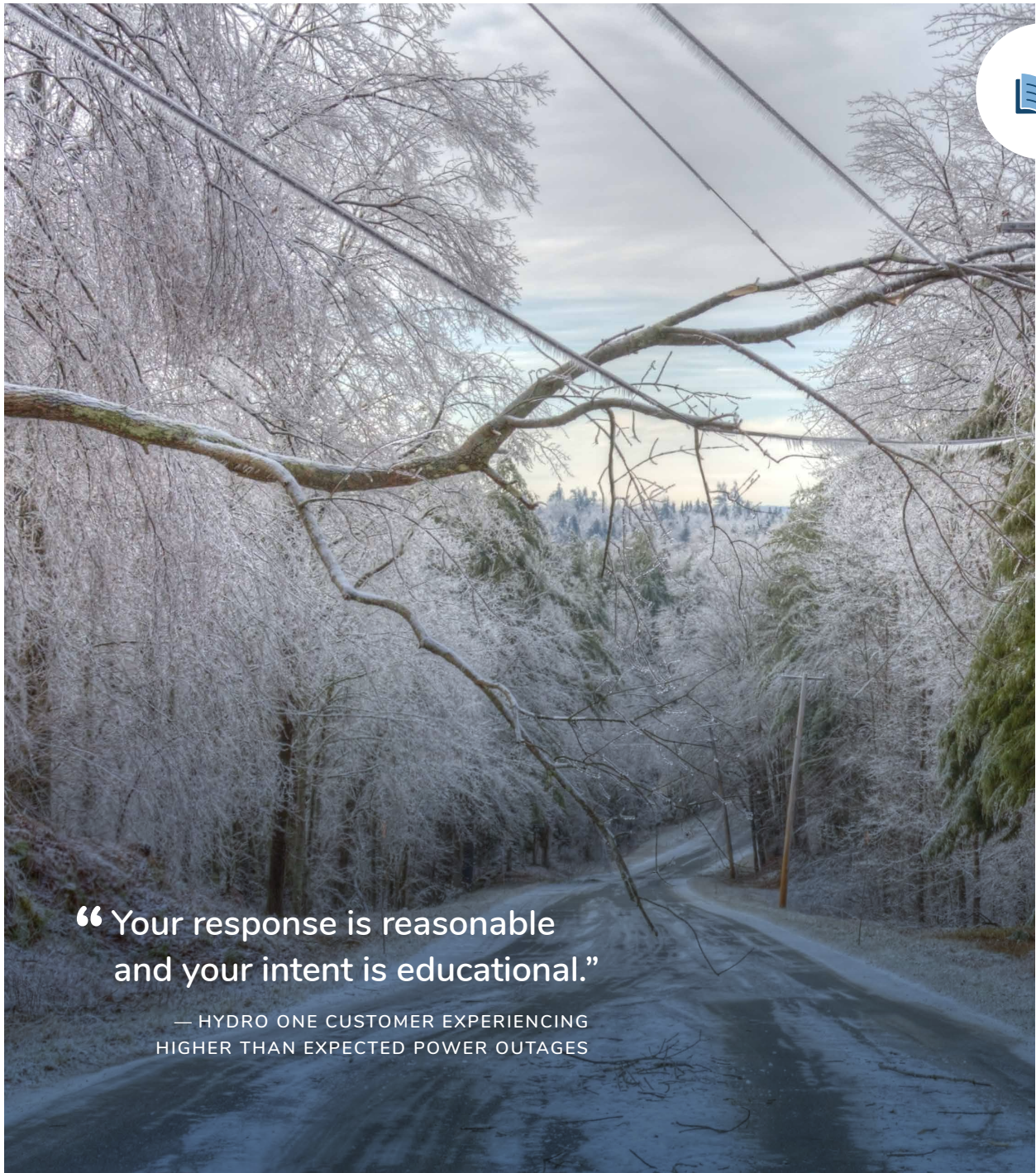
While related, the Office tracks complaints about "outages" separately from complaints about "power quality". Power quality complaints are about the reliability of service, including the frequency of outages, voltage dips, and surges. Outage complaints deal primarily with the duration of outages, the accuracy of estimated restoration times, and emergency response efforts.

FIELD OPERATIONS 2018 PERCENTAGES



NUMBER OF FIELD OPERATIONS COMPLAINTS





CASE STUDY

Excessive outages

Mr. M experienced 22 outages in a span of 14 months. Mr. M relies on a sump pump and, as a result of these frequent outages, expressed reluctance at leaving his home for any extended period of time due to the risk of power outages and flooding.

The number of outages the customer experienced was unreasonable. During the course of our investigation, it was determined that the majority of Mr. M's outages were caused by trees coming into contact with power lines. As a result of our inquiries, Hydro One expedited tree trimming and removal activities in the area so as to reduce contact between trees and the line. Mr. M's reliability greatly improved after this work was completed.

Hydro One had already identified reliability as a serious issue for customers and has a long term strategy in place to reduce the frequency and duration of outages. However, it will take a number of years before customers start to see the benefits from the company's long term plan. To assist in the interim, the Office worked with Hydro One to develop a new process aimed at identifying customers experiencing a high level of outages over a short period of time and implement strategies to reduce the number of outages that these customers experience.

“Your response is reasonable
and your intent is educational.”

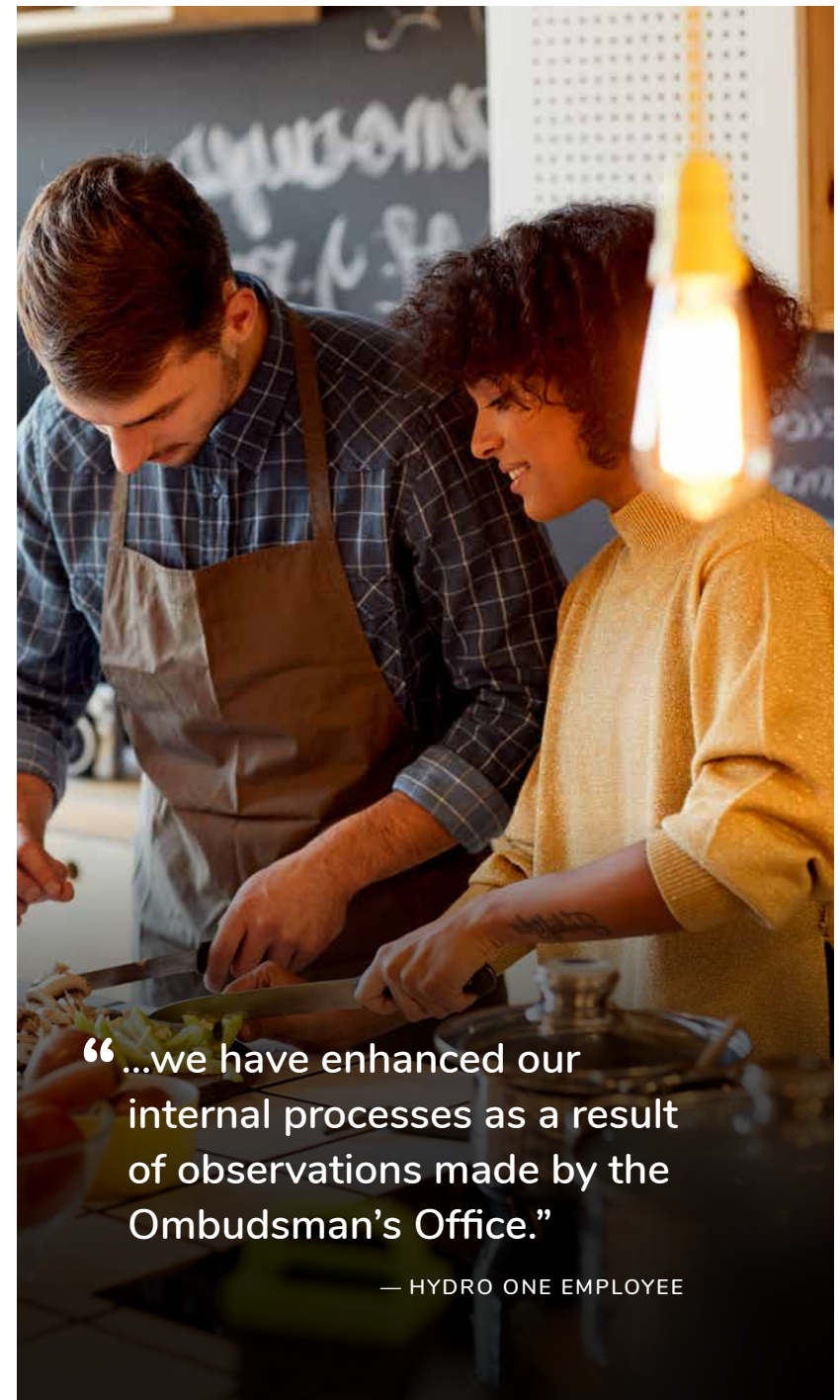
— HYDRO ONE CUSTOMER EXPERIENCING
HIGHER THAN EXPECTED POWER OUTAGES

Working with the company

The Office has built collaborative working relationships with Hydro One from the executive level to the field. This allows us to have frank conversations about what does and does not work, and to consider reasonable solutions and improvements that will benefit Hydro One customers and members of the public.

This approach allows us to make effective suggestions and recommendations that can be implemented in a practical way. In addition to specific recommendations made in individual complaints, some of the process improvements recommended by the Office and accepted by the company in 2018 were as follows:

- Re-evaluate how notice is provided to customers when Hydro One must enter private property in non-emergency situations
- Provide additional training and update work instructions to ensure that all employees comply with Hydro One's Conditions of Service as they pertain to displaying proper identification when entering private property
- Strengthening Hydro One's communications with customers to ensure they are accurate, complete, and properly documented so as to form a complete record
- Ensuring that jobs are assigned to the appropriate staff person, at the correct level, with the right amount of supervision
- Improvements to the clarity, accuracy and transparency of Hydro One's communications, updates, and invoicing for customer-driven projects
- Establish a single point of contact for large customers to improve customer service and strengthen accountability



“...we have enhanced our internal processes as a result of observations made by the Ombudsman's Office.”

— HYDRO ONE EMPLOYEE

“Your reply was so courteous: I do appreciate your thoughtful, informative answer.”

— HYDRO ONE CUSTOMER EXPRESSING
CONCERN ABOUT EXECUTIVE COMPENSATION

HOW CAN WE HELP?


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

 HydroOneOmbudsman.com

 Ombudsman@HydroOne.com

 416-345-6129

TTY 416-345-5839

 483 Bay Street, South Tower
Toronto, ON M5G 2P5



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