

2016 REPORT ON PROGRESS



**London
Hydro**

I am extremely proud to present our 2016 Report on Progress. Over the past year we have faced many challenges along with you regarding pricing and changes in the industry. Although we only operate on 21% of the entire bill to cover service costs, we continue to work diligently to provide you with a safe reliable supply of electricity. In doing so, we also look for ways to keep our delivery cost as low as possible while providing new and improved services to help you manage your electricity usage. In fact, I'm pleased to tell you that in May of 2017, the distribution cost for a typical residential customer was reduced by 51 cents per month.

Every success at London Hydro is the result of a hard working inclusive team environment that challenges current procedures by looking for innovative and cost effective ways to provide enhanced services. This year we took a different approach to develop our strategic plan by recruiting volunteers across all areas of the organization. This group worked hard to collect information from their peers, communicate what was being discussed in the meetings, submitted valuable feedback and as a result we have a solid strategic plan and our employees are confident moving forward to face new challenges and provide the best possible service to our customers and community.

V Sharma
 Vinay Sharma, CEO

London Hydro Strategic Pillars

Leadership

Customer Care

Reliability

Financial Stewardship

Supporting a High Performing Team

Technology

Awards

The Electricity Distributor Association ("EDA") award for Customer Service Excellence recognized how London Hydro's Aeroplan Customer Loyalty Program is giving back to customers who take advantage of beneficial programs such as paperless billing and outage notifications.

The Aeroplan program also received the Innovation in Customer Service award from CS Week in April 2016.

The second EDA award for Environmental Leadership recognized London Hydro's efforts in minimizing lead pollution during the handling of paper-insulated lead cables ("PILC").

- Champion of Mental Health Award from CMHA
- IHSA President's Award for 1.25 million hours without a lost time injury ("LTI").



Vinay Sharma Inducted into the Canadian Academy of Engineering

London Hydro is always proud to see when members of our team are recognized by organizations for their successes. On June 27, Vinay Sharma was inducted into the Canadian Academy of Engineering at a ceremony in Winnipeg, Manitoba. This honour is granted to those who demonstrate a desire and ability to go beyond the normal practice of engineering and contribute in exemplary ways towards their fields and to their communities.

The Canadian Academy of Engineering is an independent non-profit organization that was established in 1987. It is the national institution where Canada's most distinguished and experienced engineers provide strategic advice on matters of critical importance to Canada.

Vinay was nominated and elected into the Canadian Academy of Engineers by peers. As a member, he is now committed to ensuring that Canada's engineering expertise is applied to the benefit of all Canadians.



Green Button Innovation Leads to Utility Collaboration

London Hydro is committed to providing our customers with software choices to help them manage their energy consumption through the Green Button Standard.

Green Button started in the United States with an idea that energy data belongs to the consumer and they should be able to access and share that data in a meaningful way. From these roots, the Green Button Initiative has become a game-changer for the utility industry by providing tools for customers to understand Time-of-Use pricing and in doing so manage their energy usage.

London Hydro's leadership in the adoption and promotion of the Green Button Standard extends beyond our service territory and our involvement in the pilot period as we capitalize on the knowledge we have gained to spread the Green Button platform to other Canadian utilities. London Hydro is collaborating with Festival Hydro and Whitby Hydro on implementing our Green Button platform and customer engagement portal.



We test it before you try it

One of the best features of our new Green Button Experience Centre is our new validation section.

This area allows London Hydro to test a new product or hardware in a real household environment. Customers can then use this information and compare it to their specific needs. Our tests help to determine whether the cost of the device or time spent on an application provide value to your home.

We can also test products already on the market and make comparisons to confirm whether or not it is beneficial for customers to upgrade to more energy efficient models based on real-life use of the products. This process will allow us to create a list of products or services that provide extra value to what is already available and inform customers of the accurate validated return on the investment.

Third Party apps can also be tested and validated using the same process providing our customers with the confidence in the information that allow them to make informed decisions.

The Green Button Experience (GBX)

London Hydro's Innovation Centre is now open and showcasing the Green Button Experience to staff and visitors.

The mission of the Green Button Experience is to enable utility innovation, local jobs and market-leading customer experience.

From concept planning and construction to every-day operations and continuous improvement, many departments continue to collaborate with the project team to make this project a success. Support and investments from partners and sponsors, including Cisco and IBM, also helped get this project off the ground.

A second important element of this mission is educating visitors on Green Button and the wide range of smart home technologies and apps that are already on the market. This room will serve as a hub for creative thinking and problem solving and as a workspace for application developers to create and test innovative Green Button powered solutions.

To date, over 250 people have visited the Innovation Centre, including staff from the Ontario Ministry of Energy, members of the local business community and staff from many of the sponsor and partner organizations. London Hydro employees also received tours where everyone received an overview of the features and technologies in the room.



London Hydro staff are always enthusiastic when it comes to helping others. Whether it is together as whole company, individual departments or even individual employees, London Hydro staff understand the importance of helping those in need.

There were over 180 toys donated to the Salvation Army's Christmas Hamper Program, which expected to help over 5,800 families this holiday season. London Food Bank donations were dropped off and helped families not only over this holiday season, but well into 2017.



Annual Earth Day Cleanup

On April 23, 2016, London Hydro held its 3rd annual Earth Day cleanup. There were over 110 participants. Employees and their families helped clean up litter in Carfreea and Thames Parks.

Community

Touch a Truck

One of London Hydro's large bucket trucks made an appearance at this year's Touch A Truck community event. At this event children were able to view emergency response vehicles, construction trucks and many other vehicles including one of London Hydro's bucket trucks.



Big Bike

On June 23, a group of 22 London Hydro employees, family members and friends rode the Big Bike through downtown London in support of the Heart & Stroke Foundation. The Watts & Wheels team raised \$3,796.



Vegetation Management

In addition to our extensive Distribution System Plan, in 2017 London Hydro will also investigate our procedures for vegetation management with the goal of enhancing our existing procedures to assist with the reliability of supply. Often when wind storms, ice storms or other inclement weather occurs, down tree limbs can play havoc with our system and restoration time may be affected when we cannot get to our equipment easily because of growth in trees interfering with access to the poles, lines and other equipment. It may be necessary to trim or remove trees in areas that may affect the performance or maintenance of our distribution infrastructure.



OUTAGES

FREQUENCY

Average 1 outage / customer / year

DURATION

1 hour / interruption / year

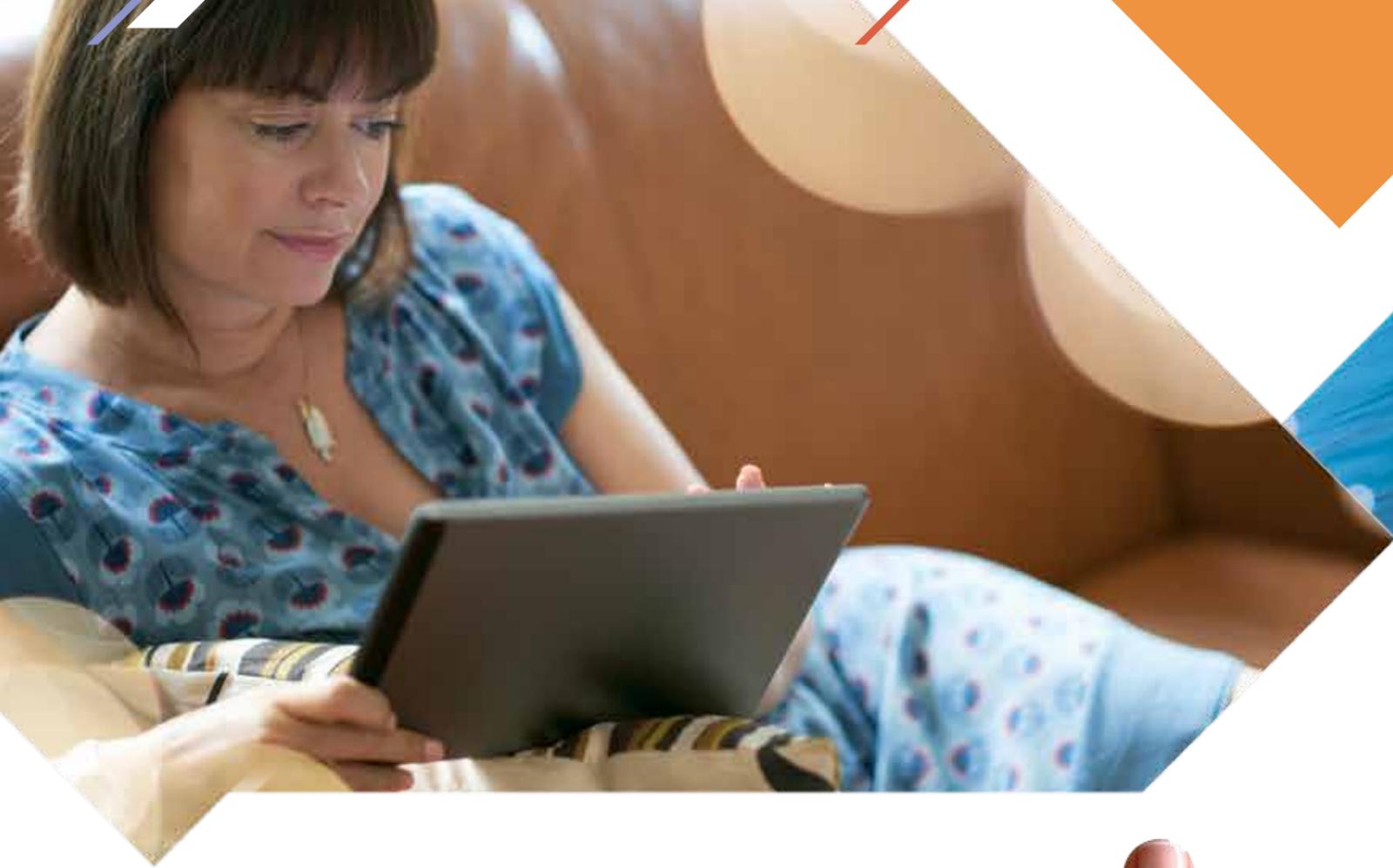
Safety

London Hydro employees also had the opportunity to meet and listen to Motivational Safety Speaker Curt Minard during a very moving presentation. Curt was a powerline technician in British Columbia where he was electrocuted during a workplace accident. He made a miraculous recovery and now continues to spread his message of safety. In 2016, London Hydro earned the IHSA President's Award for 1.25 million hours worked without a lost time injury.



1.25 MILLION

Hours worked without a lost time injury



Payment Options

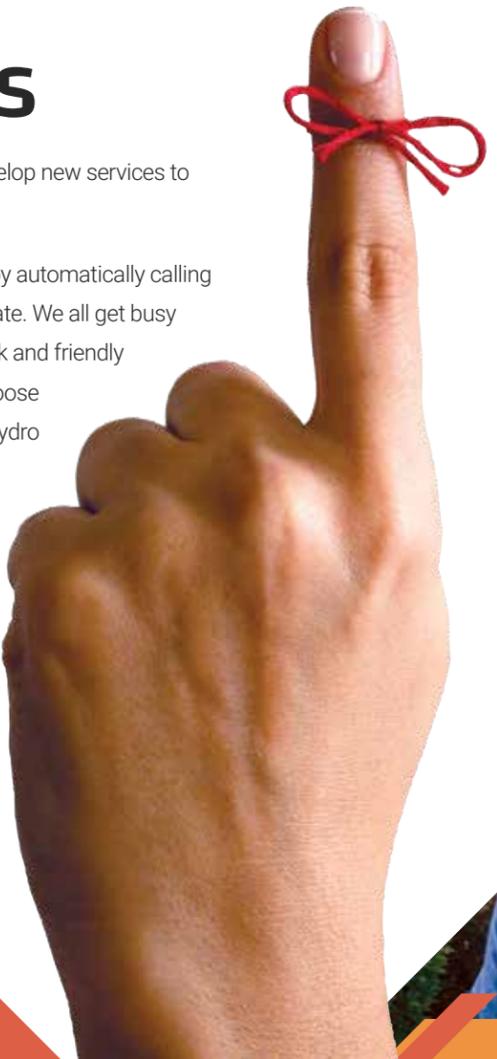
To provide more customer choice, London Hydro continues to develop new services to allow customers to receive account information automatically.

One of the latest features is to provide payment reminder notices by automatically calling our customers to let them know that they have missed their due date. We all get busy and sometimes forget to post a payment, this notification is a quick and friendly reminder to help you avoid late payment charges. You can also choose to receive a message by email or text. Simply visit the MyLondonHydro section of London Hydro's website to select your preferred option.

Moving Has Never Been Easier

Our new online move-in and move-out option allows new customers to easily set up their account through our website at their convenience anytime of the day. It's quick and easy. Just complete the online application and the information is securely saved in our information system. A credit agency link within the system performs the validation of personal information and checks the credit history during the application process. It's that simple.

Existing customers can book their final reading and provide their forwarding address through the same service, making the moving process easier for our customers.



DID YOU KNOW?

50% of customers have registered for MyLondonHydro

\$450,000+

per year in energy cost reductions for both tenants and the London & Middlesex Housing Corporation

The project numbers are truly a testament to the successful execution of the program.

Overall, the program provided:



Reduced maintenance and related costs for London & Middlesex Housing Corporation

18:1

the ratio between energy cost savings vs program investment

100% removal of fluorescent lamps from in suite apartments



50,000 LED Lamps and **700 appliance replacements** to over 3,200 units



Saving a little means a lot

When it comes to Energy Conservation activities, London Hydro lives the adage "bigger is better" and over the years has been very successful in the development and implementation of many programs.

Recognizing the need for low-income customers and social housing buildings, London Hydro developed an innovative project in partnership with the London & Middlesex Housing Corporation (LMHC) and the City of London, the first of its kind in Ontario. By utilizing all incentives available and completing energy efficiency upgrades to each unit under the management of the City of London housing department, London Hydro was able to deliver impressive benefits and cost savings.



845 townhouse units and 15 apartment buildings received efficiency upgrades

Moving Forward to Achieve More Success

The retrofit program's success is ongoing as London Hydro's team is offering this program to all social housing providers in London. To date, four larger housing cooperatives have accepted the offer and are in the midst of performing the upgrades.

Here are a few other initiatives we're working on

- New rate design pilot for the Ontario Energy Board
- Delivering new online features for residential and commercial customers
- Pursuing collaboration opportunities to leverage our Green Button capabilities

Removed
15 km
of Lead Cable

Installed more than
450 Transformers
and **470 Poles**

Installed more than
90 km
of primary wire
and cable

Silicone injected
and replaced
41 km of cable
extending its life by
40 years

Serviced **886** New Single
Family Development Homes
and **626** Multifamily
Condo Units

334 customers
have deployed their own generation for
a total of **62 MW of generation**
(nearly 10% of London Hydro's peak demand)

Applied to install
10 MW+ of Solar



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