



# LONDON HYDRO INC. ANNUAL GENERAL MEETING

*FOR THE FINANCIAL YEAR  
ENDING DECEMBER 31, 2016*



**London  
Hydro**

**May 29, 2017**

## BOARD OF DIRECTORS

**Mohan Mathur**, DSc, PhD, PEng, FCAE  
*Chair*

**Gabe Valente**, BA, BComm, CPA, CA  
*Vice-Chair*

**Connie Graham**, BSc, ICD.D

**Peter Johnson**, HBA, MBA, LLB

**Marilyn Sinclair**, BA

**Jack Smit**, CPA, CGA

**City Councillor Michael van Holst**,  
HBS, BEd

## EXECUTIVE TEAM

**Vinay Sharma**, PhD, PEng, FCAE, CDir, ACC  
*CEO*

**Bill Milroy**, PEng  
*VP Engineering & Operations*

**David Arnold**, CPA, CA  
*CFO, VP Finance &  
Corporate Secretary*

**Syed Mir**, BSc  
*CIO & VP Corporate Services*

**Elizabeth Carswell**, BA, MA, BEd  
*Sr. Director Human Resources*



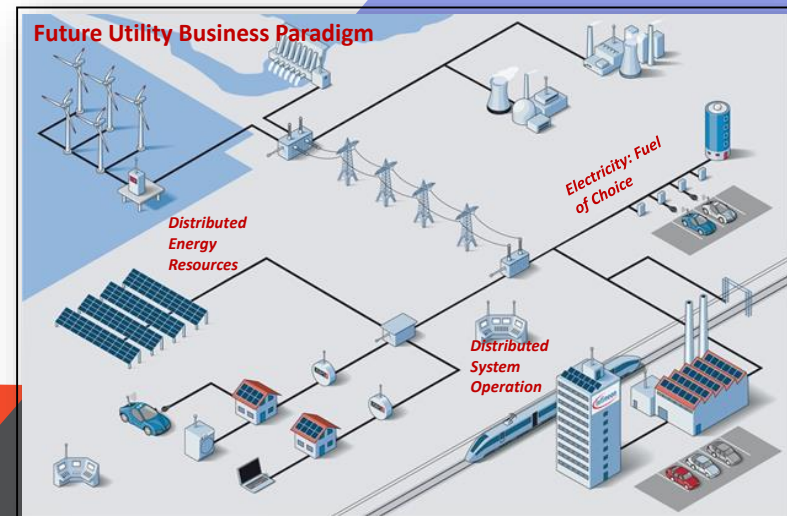
# London Hydro is an Award Winning Utility...



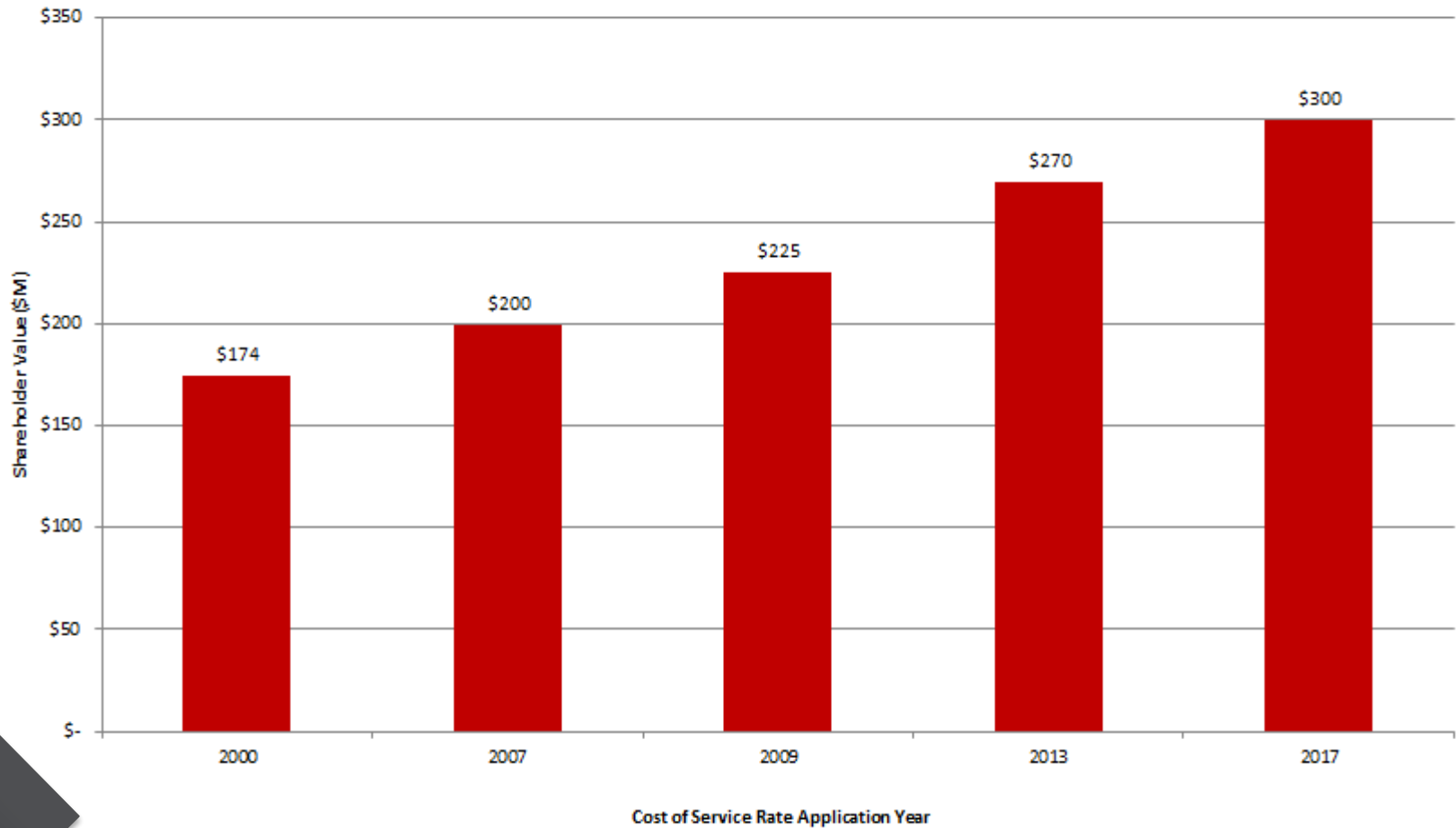
Financial Highlights (\$Millions)	2015 Actual	2016 Actual
Distribution Revenue	64.8	65.1
Net Earnings	10.3	12.2
Return on Equity	6.9%	8.1%
<b>Annual Investments:</b>		
Capital Assets	34.7	37.7
<b>Financial Position:</b>		
Total Assets	349.2	374.5
Shareholder's Equity	148.6	150.8
<b>Distributions to the City of London:</b>		
Dividends Declared/Paid	5.0	5.0
Special Dividend Declared	5.0	5.0
<b>S&amp;P Credit Rating</b>	A/Stable	A/Stable

## ...with a Strong Financial Performance

## ...and is Well Positioned for the Future



# VALUE OF LONDON HYDRO HAS GROWN AT AN ANNUALIZED RATE OF 3.3%

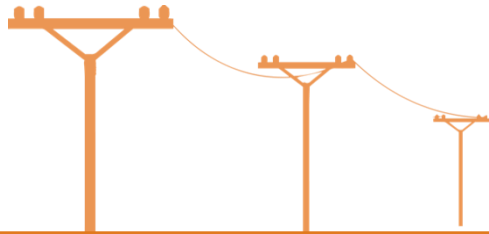


# LONDON HYDRO FULFILLED ALL SHAREHOLDER OBJECTIVES

1. *Prudent Financial Capital Structure:* Healthy balance sheet at a leverage of 41% and a strong Standard & Poors credit rating of A/Stable.
2. *Competitive Rate of Return:* ~8% RoE
3. *Just and Reasonable Rates for Customers:* Rates in the lowest quartile.
4. *Regular Dividend:* Consistent and steady annual dividend of \$5M.
5. Since 2000, \$126M *provided to the Shareholder.*



# GENERATING VALUE, EMPOWERING LONDON



## INFRASTRUCTURE

## RENEWABLE ENERGY

## ENERGY CONSERVATION

## NEW CUSTOMERS

3,364 km of overhead & underground cables

- Installed 450+ overhead & underground transformers and 470 poles
- Removed 15 km of lead-covered cable
- Installed 87 km of underground duct
- Installed 90+ km of primary wire and cable
- Silicone injected and replaced 41 km of cable

326 local generators with capacity of 62 MW

- 258 small solar – 2 MW
- 50 large solar – 9.5 MW
- 12 net metered solar – 0.1 MW
- 6 gas fired generation – 50.3 MW

10,000 MWh energy reduction and about 2,100 projects

- 678 projects for commercial & industrial customers
- 1,439 projects for low income customers
- Total project investment of \$13.3M
- Total incentives for these projects \$5.3M

Thanks to our partners: City of London, the Fire Department, Electrical Safety Authority and the IESO

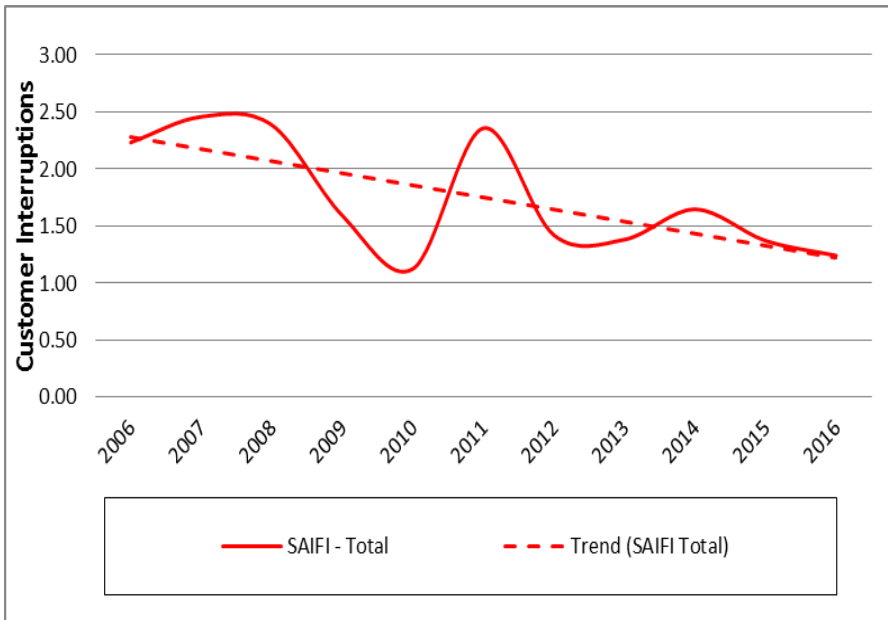
Total of 156,255 customers

- Serviced \$2.7M in new upgraded commercial distribution services
- Serviced 886 new single family development homes and multifamily condo units

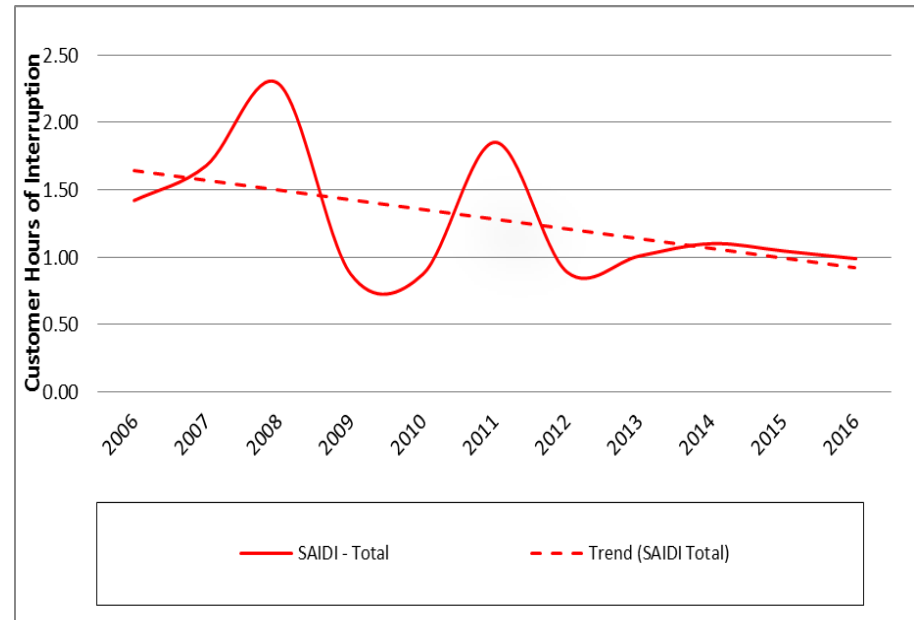


# LONDON HYDRO PROVIDES HIGH RELIABILITY OF SERVICE

## Frequency of Interruption



## Duration of Interruption



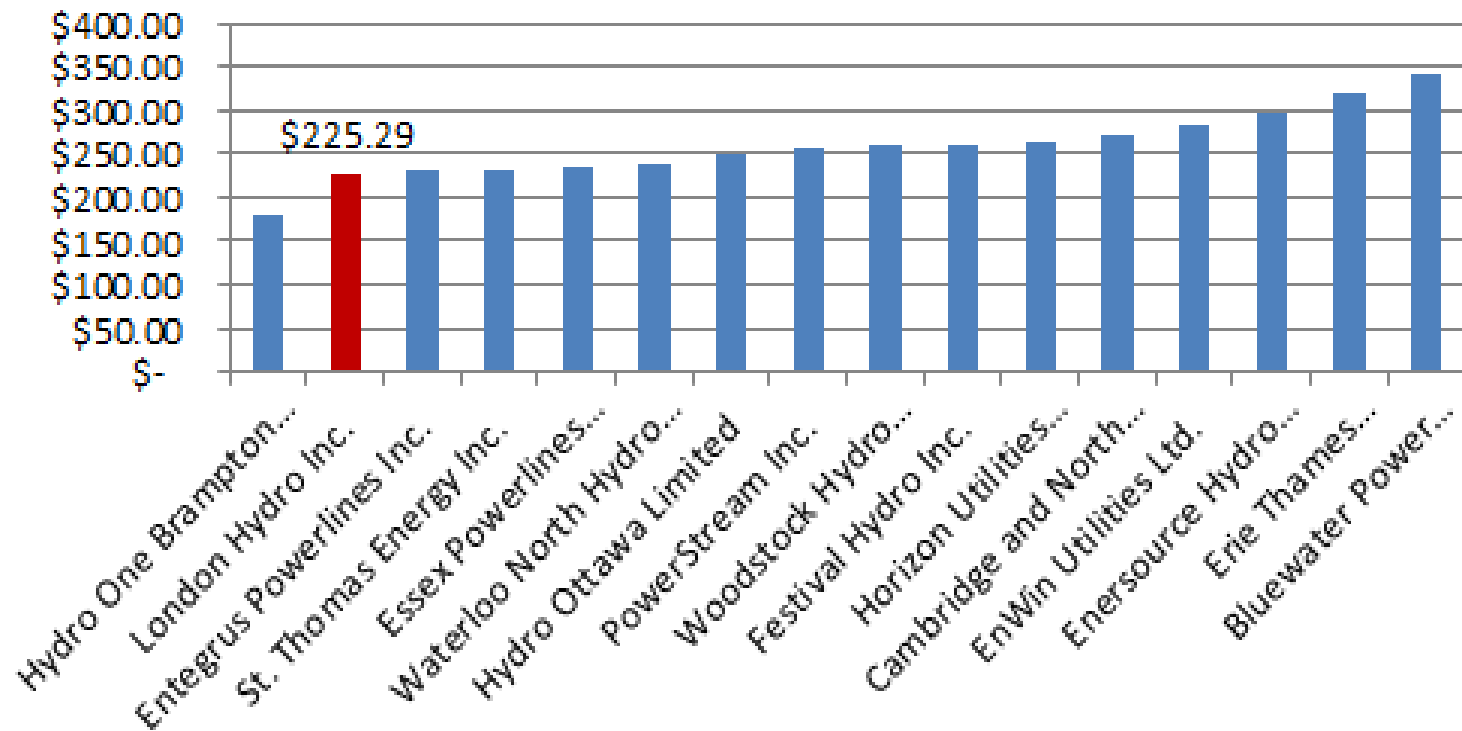
SAIFI = System Average Interruption Frequency Index  
SAIDI = System Average Interruption Duration Index



# LONDON HYDRO

## AN EFFICIENT CORPORATION

### Controllable Costs per Customer



Neighbouring and peer group utilities



# FUTURE BUSINESS PARADIGM

- Technology Disruption
- Distributed Generation
- Customer Demands
- Regulatory/Legislative Disruption



# OUR RESPONSE

## Culture & Strategy



# CULTURE

HIRE THE BEST PEOPLE • RESPECT THEM  
TRUST THEM • GIVE THEM TIME AND SPACE



# STRATEGY

DIGITAL TRANSFORMATION

INFRASTRUCTURE INVESTMENT

AGILITY AND ADOPTION

COLLABORATION

MISSION

VISION



# LONDON HYDRO IS A TECHNOLOGY LEADER

*Smart Apps for  
Customers*

*Property  
Management  
Portal*



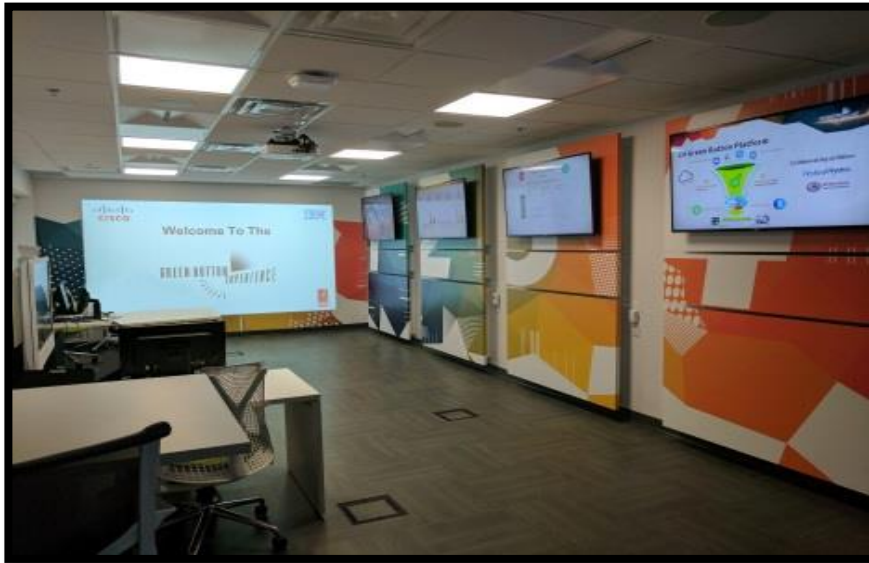
*Interval Data  
Centre*

*Event  
Assist*



# LONDON HYDRO IS A TECHNOLOGY LEADER

## *Innovation Partnerships*



### Member of Cisco's Global IoT Innovation Center Network



London  
Hydro

# STRONG COLLABORATION

City of London  
 Water Billing  
 Customer Care  
 Smart City Initiative

Festival Hydro

Whitby Hydro

**INSIDE: Bottled Water & Municipalities**

Ontario Water Works Association  
 A Division of the Southern Water Works Association

**ONTARIO PIPELINE** Vol 13 No 1 Spring 2017  
 www.owwa.ca

Scotiabank Convention Centre  
 April - 305L/day  
 March - 345L/day  
 February - 323L/day  
 January - 281L/day

**FEATURE | TECHNOLOGY**  
**AWESOME APPLICATIONS: EMPOWERING OUR WATER CUSTOMERS**

LondonHydro.com - Water Usage Tool  
 In partnership with London Hydro, the City of London created an online application for water customers to track their water usage at their fingertips.  
 The tool allows users to compare their water usage throughout the year, to their neighbours and to the city as a whole (Figure 2). With the capability to compare the weather to water usage, the app demonstrates to residents how the weather conditions effect their water bill (Figure 2).

**Figure 1: Water Usage C**

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Visit the interactive water conservation house!

**Figure 2: Water Usage Comparison to Neighbourhood Average or City Average**

Category	Value
DAILY AVERAGE USAGE (MAR 2015)	6.42 m <sup>3</sup>
NEIGHBOURHOOD AVERAGE USAGE (MAR 2015)	6.58 m <sup>3</sup>
MONTHLY AVERAGE USAGE (MAR 2015)	19 m <sup>3</sup>
YEARLY AVERAGE USAGE (2015)	585 m <sup>3</sup>
2014	575 m <sup>3</sup>
2015	585 m <sup>3</sup>

**Figure 3: Water Usage Breakdown**

Your Monthly Water Use for Mar 02, 2015

Category	Value
INFRASTRUCTURE CHARGES	\$42.11
WATER USAGE	\$21.14
WASTEWATER USAGE	\$16.79



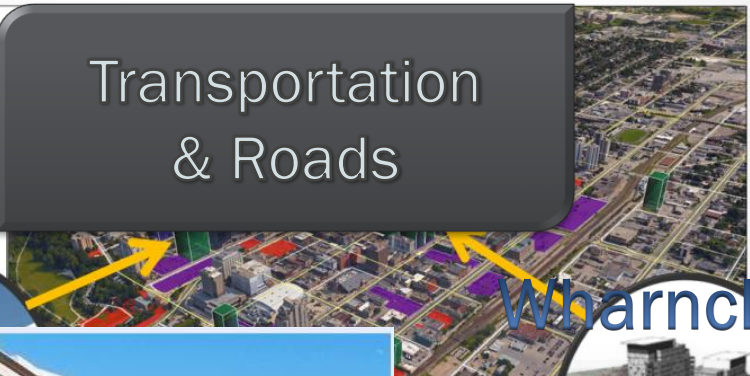
# HELPING BUILD THE CITY OF LONDON



## Downtown Intensification

- Opportun
- Underuti
- Submitte
- Under Co

Transportation  
& Roads



Wharnccliffe Road



London  
Hydro



# ONTARIO UTILITIES CONTINUE TO CONSOLIDATE

London Hydro is a strong, local utility in Southwestern Ontario. The industry continues to undergo significant change through mergers and acquisitions.

## **1. Hydro One acquisitions**

1. Norfolk Power, Haldimand Hydro and Woodstock Hydro (2013/2014/2015).
2. Peterborough Distribution Inc. (2016).
3. Offer made to acquire Orillia Power (2016).

## **2. Cambridge N. Dumfries acquired Brant County Power (2014).**

## **3. Entegrus Powerlines and St. Thomas Energy merged (2017).**

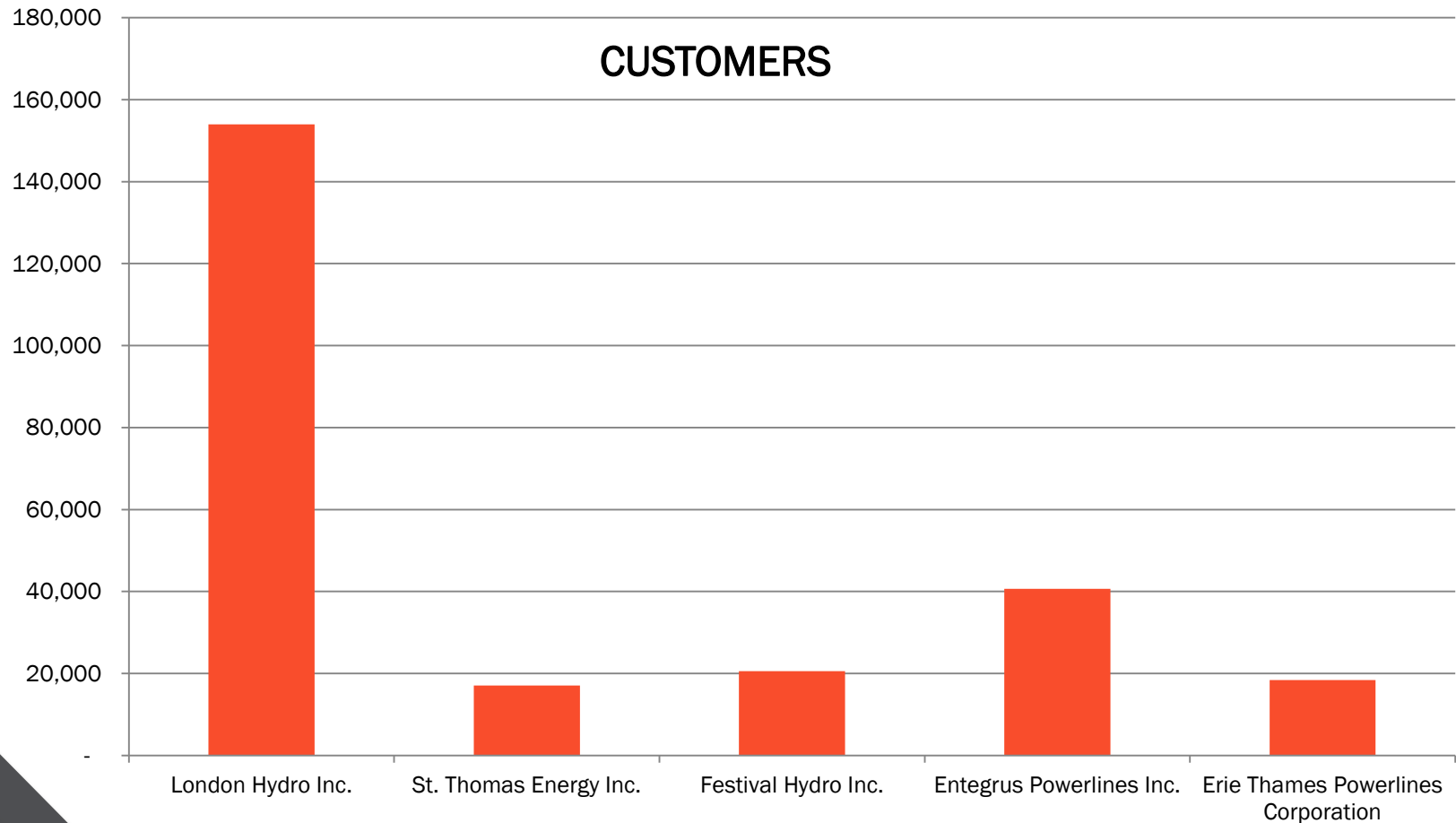
## **4. Alectra Utilities formed by the merger of PowerStream (York Region & Simcoe County), Horizon Utilities (Hamilton & St. Catharines), Enersource (Mississauga) and Hydro One Brampton (2017).**

## **5. Midland Power announced its merge with New Market-Tay Power Distribution (2017).**

## **6. The Corporation of the City of Collingwood has issued an RFP for the sale of its share of Collus Power (2017).**

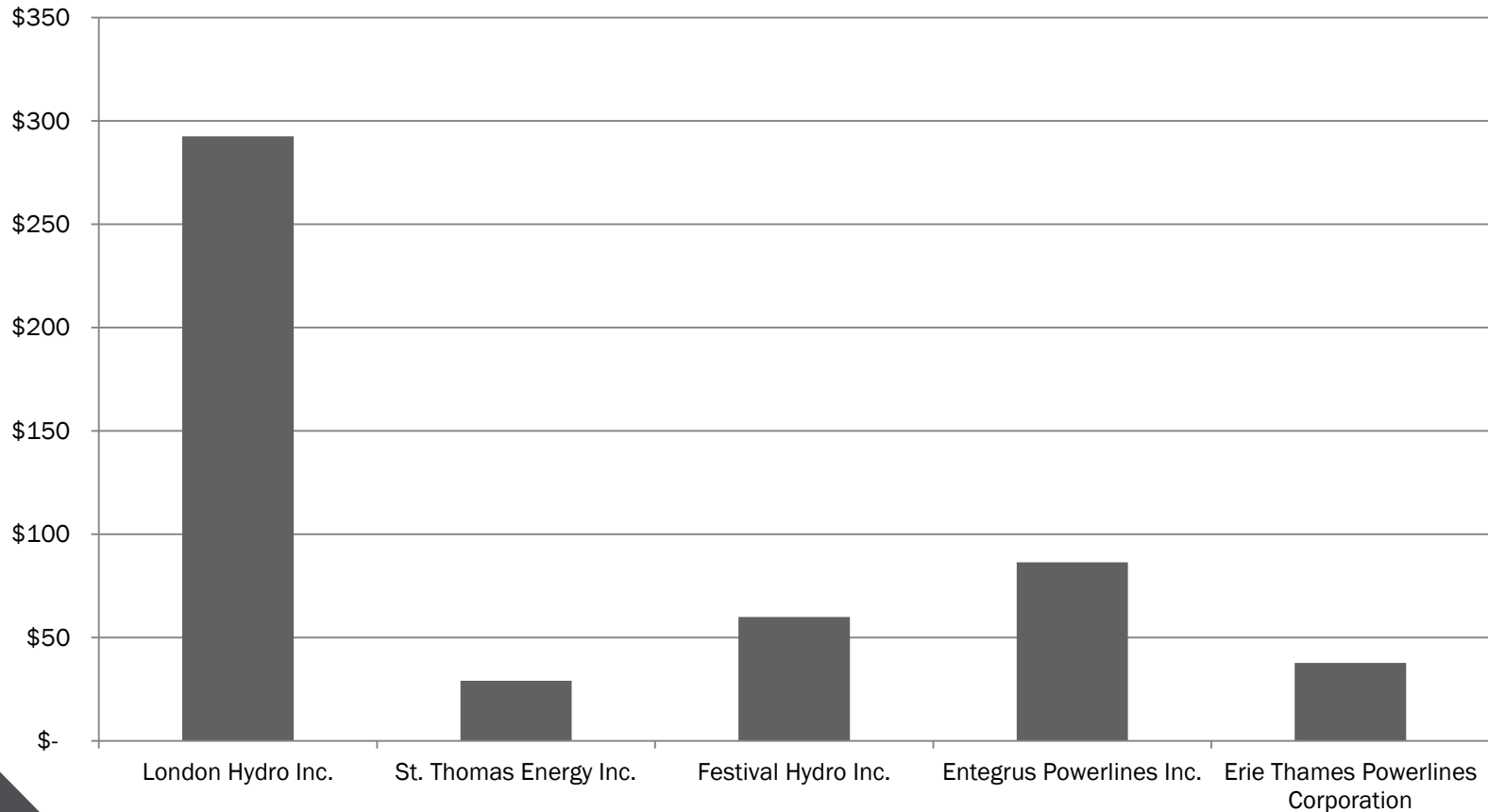


# LONDON HYDRO IS A LARGE UTILITY IN SOUTHWESTERN ONTARIO



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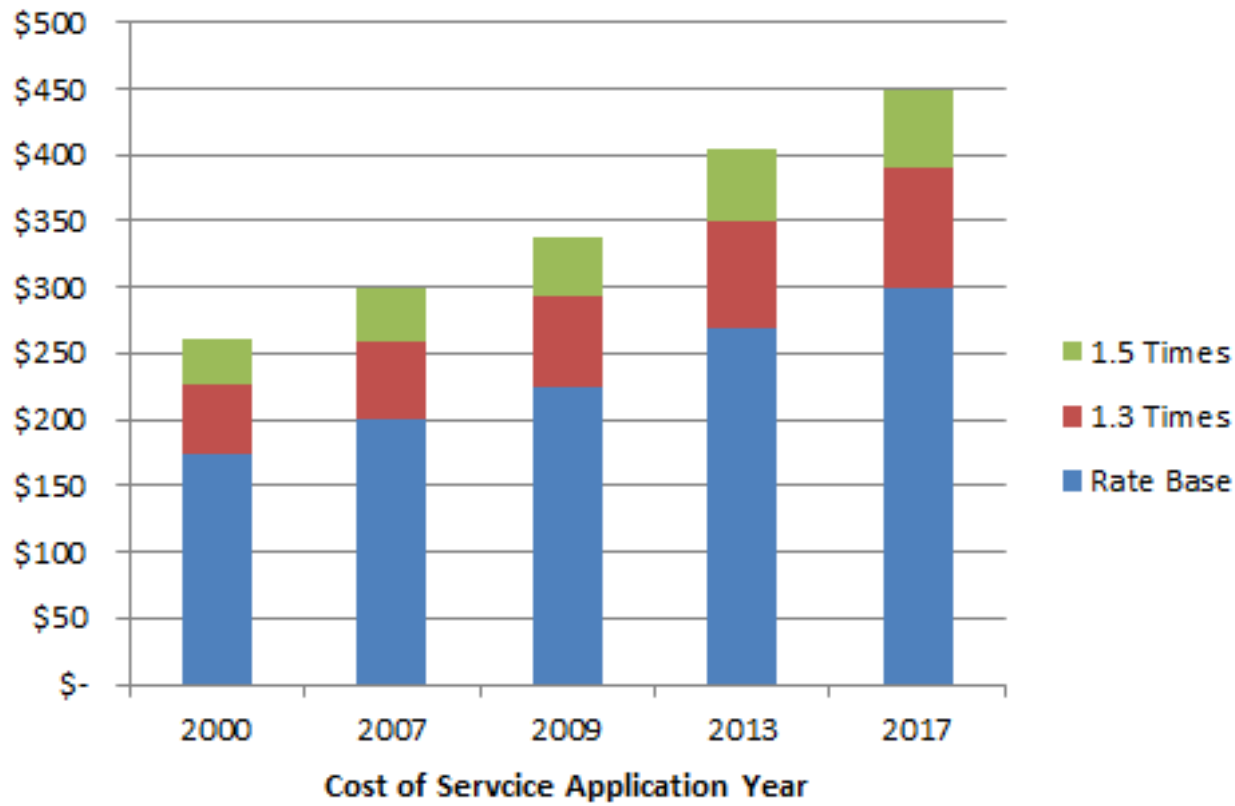
Rate Base \$Millions



# LONDON HYDRO IS A VALUABLE ASSET

*However, capital gains are illiquid*

(\$ Millions)



# **LONDON HYDRO IS YOUR VALUABLE CORPORATION AND IS WELL POSITIONED FOR THE FUTURE**

1. A strong, high performing corporate culture – well established.
  - a. 323 committed employees – 25 new hires & 13 retirements.
  - b. Our employees are community leaders donating 2,307 lbs. of food to the London Food Bank and \$30,125 to E.C.C.O. charities.
2. Continued pursuit of innovation and efficiency through technology leadership – an award winning corporation.
3. London Hydro is well prepared to develop and deliver new services such as net metering, DER, energy conservation and smart apps to our customers.
4. In the future, customers and utilities will be more interdependent as opposed to customers becoming grid-independent.



**THANK YOU**



**London  
Hydro**

