

2020
ANNUAL
REPORT





MESSAGE FROM THE CHAIR

2020 will always be remembered as the year of the COVID-19 pandemic. This created particular challenges for LDCs as reliable electricity became as important as ever, staff had to be kept safe at a time of extreme uncertainty and government and regulatory requirements never ceased changing.

CHEC continued to remain a valuable asset for its members during this time. Though we could not easily meet in person, CHECs virtual office environment allowed it to quickly adapt to the new normal. From providing help to those newly working from home through the Lunch with CHEC program, to tech support helping to implement the Time-of-Use Customer Choice, to sharing best practices as Working-from-Home and Working-from-the-Office protocols were developed, CHEC provided ongoing moral and technical support.

CHEC continues to evolve to meet the needs of its members. Amongst many new and continued services, Operations and Safety support was expanded, IT

support for UCS members was improved with the transition to EARTH from ITM and regulatory support has been enhanced with the update calls with the OEB CEO. CHECs value comes from its services to its members and these must continually adapt to meet these changing needs.

I'd like to thank the departing Chair John Walsh, the Board of Directors, the CHEC staff, and all the members for their hard work and willingness to contribute to what continues to be a valuable organization.

Tim Curtis

Chair, CHEC Board of Directors



MESSAGE FROM THE PRESIDENT

In a year when the only constant was change, I want to congratulate the CHEC staff and our members on their ability to adapt to the challenges of the pandemic and to continue to provide reliable and continuous power to their customers.

The case studies outlined in this report highlight the impressive achievements of the group and their ability to adapt to whatever challenge or crisis arose.

In addition to the extensive COVID challenges, CHEC continued to provide the more traditional support our members have come to expect. This included guidance and support through the CDM wind down re-submission and audit requirements, project management of the transition of six of its members to a new IT hosting environment, and the shared contract by fourteen members for the implementation over multiple years of both the Customer Satisfaction and Electrical Safety Authority surveys. All these endeavors resulted in reduced time and costs for our members, savings to their customers, and the reassurance that requirements were being delivered as required by regulations.

The Association has been increasingly sought out to provide its unique perspective on industry issues and we have been excited to be involved on multiple government working groups and committees, and a series of face-to-face meetings with the Ministry of Energy. We look forward to continuing this industry involvement as time goes on.

I'm immensely proud of our staff and our members for how they rose to the many challenges that the pandemic delivered. We make a strong team and I want to thank the CHEC staff, the members, and the Board of Directors for their on-going support and contributions that make the organization stronger every day.



John Sherin
President, CHEC

WHO WE ARE

CHEC is a collaborative association of 19 Local Distribution Companies (LDCs) that has operated in the province of Ontario since 2000.

With a dedicated staff of six employees, we work with our members to deliver support across all areas of operation including Finance and Regulatory, Billing Systems and Customer Information Systems, Operations and Health and Safety, Project Management, and Marketing and Communications. With a growing voice in the electricity distribution sector, CHEC is a strong advocate for its members and the experience of the smaller LDCs in the province.

Vision Statement

To stand together as one, ensuring independent communities thrive today and in the future.

Mission Statement

We equip members with insights, expertise and shared resources to sustain safe, resilient communities in a changing world.



OUR MEMBERS



19

LDC Members

281,545

LDC Customers

3252

square kilometers of service area

CASE STUDIES

CHEC has always provided multi-faceted support with its expertise and knowledge extending across the full breadth of LDC operations. During the pandemic, that depth of knowledge and the Association's ability to draw on resources across all portfolios, allowed it to provide a new, and equally valuable, level of support.

The following case studies illustrate the breadth and variety of support CHEC delivered, during a year of significant disruption, from extensive, multiple month projects to short, tight regulatory timelines.



CASE STUDY ONE

SUPPORT DURING A TIME OF CRISIS – The COVID-19 Pandemic

► CHEC Portfolios involved: All

Problem

The COVID-19 pandemic resulted in a significant number of new programs, new operational requirements, and new challenges in the electricity distribution industry. This left our members overloaded and under-resourced in a rapidly changing work environment, and under pressure to meet government mandated deadlines.

Solution

CHEC adopted an ‘All Hands-on Deck’ attitude and kept an eye on the industry to provide our members with updates and support when and where it was needed. This often resulted in multi-disciplinary support that drew on expertise from across all our portfolios.

- Participation in government working groups and stakeholder sessions by CHEC staff to help inform our members on the requirements for COVID Energy Assistance Program (CEAP), the one-time LEAP increase, COVID deferral accounts and other accounting changes.
- Guidance on setups required for CEAP in member Customer Information Systems, and implementation notes for changes required in the billing system for the government mandated off-peak rate periods.
- Communications support, including social media posts and graphics, to help inform members’ customers on new financial assistance programs and rate changes.
- Sharing of COVID resources and information, including weekly polling of members with topics including initial Health & Safety measures and working from home protocols, financial impacts, use of contractors, return-to-work protocols, best practices, pandemic plans, and updates from the Ministry of Energy.
- Hosting of Lunch with CHEC, a virtual opportunity for our members’ staff to connect and gain insights on how to effectively manage the physical and mental challenges of working from home.
- Facilitation of meetings for CEOs and senior staff to help them stay informed on legal considerations during the pandemic, and with the Ministry of Energy to inform them on the challenges facing smaller LDCs.



CASE STUDY ONE CONTINUED

SUPPORT DURING A TIME OF CRISIS – The COVID-19 Pandemic

Benefits

- ▶ Support for members across all areas of operations during a stressful and rapidly changing situation.
- ▶ A clearer understanding of and help meeting regulatory requirements.
- ▶ Easier implementation of billing and program changes and the peace of mind that regulatory requirements would be met.
- ▶ Access to timely and relevant communications resources.
- ▶ Up-to-date information on the changing programs and COVID protocols.
- ▶ The reassurance and solace of being part of a larger group that was navigating a challenging situation together.
- ▶ Critical financial assistance and information delivered to members' customers on a timely basis.

STATISTICS FOR CASE ONE

8

**Lunches with CHEC
meetings**

45

**Meetings attended with
regulating bodies
(Ministry of Energy,
OEB and IESO)
on behalf of membership**



CASE STUDY TWO

PROFESSIONAL PROJECT MANAGEMENT – IT Hosting Migration Project

► **CHEC Portfolios involved:** Project Management, Billing & Customer Information Systems, Finance & Regulatory, and Communications

Problem

Members of Utility Collaborative Services (UCS), a partner of CHEC, were experiencing on-going support and performance issues with their existing IT Hosting provider of their billing and Customer Information Systems. Members rely on these systems every day and the issues were resulting in excessive frustration and stress among staff.

Solution

CHEC staff provided project management for the multiple month long process of switching six member LDCs to a new provider. This included issuing the RFI, RFP and implementation of the entire project.

Benefits

- All six LDC transitioned to new environment on time and on budget.
- A reduced load on member staff and confidence in the process as CHEC delivered project management for the entire project, acted as the central contact and third-party vendor manager.
- Technical issues were determined and addressed through collaboration among the members and experienced CHEC staff.
- Minimum disruption as members transitioned to the new system through a staged transition process.
- Members realized significant annual cost savings following the completion of the project.
- Relief for members that system performance had been improved, support issues had been resolved, and their billings system operated as promised.
- Reduced costs and better service for members' customers with the improved system.

STATISTICS FOR CASE TWO

6

Members transitioned

70,000

Customers transitioned

0

Days behind schedule

Over 600

Individual tasks completed by IT host,
CHEC and member staff during cutover



CASE STUDY THREE

SAVING COSTS AND REDUCING WORKLOAD – **Customer Satisfaction and Electrical Safety Authority Survey Contract**



► **CHEC Portfolios involved:** Finance & Regulatory

Problem

The Customer Satisfaction and ESA surveys are mandated by the Ontario Energy Board with the requirements that LDCs implement multiple surveys over multiple years. With already overloaded time sheets, LDCs had neither the time nor expertise to carry out these surveys.

Solution

CHEC acted on behalf of members to negotiate a contract with an experienced survey consultant to implement the two surveys over multiple years.

Benefits

- 14 of 19 members participated in the contract resulting in a reduced cost of over \$2,600 for each participant.
- Surveys were professionally administered with results meeting the OEB regulatory requirements and with data that could be accurately provided for the Yearly scorecard.
- CHEC reduced the amount of time required by members to manage the process and ensured the process was properly monitored and completed.
- Member customers participated in a professionally administered survey at a reduced cost.

STATISTICS FOR CASE THREE

14
Participating LDCs

\$2,600
Reduced Cost
for each participant

CASE STUDY FOUR

FULFILLING MULTIPLE REGULATORY DEADLINES — **Time-of-Use Customer Choice**

► **CHEC Portfolios involved:** Billing and CIS, Finance & Regulatory, Communications

Problem

The Ontario Energy Board mandated Local Distribution Companies to provide their customers with the choice between the Time-of-Use electricity rate and Tiered pricing. This required significant changes to their billing systems, under a short timeline, when utilities were already struggling with the program changes and regulatory requirements of the pandemic.

Solution

Multiple portfolios were involved in helping members meet the regulatory requirements within a short timeframe.

- CHEC participated in the OEB Time-of-Use Customer Choice working group, monitoring regulatory changes and informing members of the new requirements.
- The Billing & CIS portfolio helped members configure their systems, tested workflows and provided on-going support as the changes were implemented.
- CHEC coordinated with the Billing System providers to expedite changes needed to meet the requirements.
- Notification letters, customized bucks slips, press releases, and social media content were provided to ensure members met the communications requirements set by the OEB.





CASE STUDY FOUR CONTINUED

FULFILLING MULTIPLE REGULATORY DEADLINES – Time-of-Use Customer Choice

Benefits

- ▶ Comprehensive Support during a difficult, fast paced regulatory change.
- ▶ A collaborative approach by members and CHEC staff to meet the regulatory requirements.
- ▶ Changes implemented on time and according to requirements.
- ▶ Feeling supported during a difficult time
- ▶ The peace of mind of knowing that CHEC was providing the leadership needed to bring the expertise of the group together to successfully meet this challenge.

STATISTICS FOR CASE FOUR

10

Meetings attended with the Ontario Energy Board on behalf of members

Additional Areas of Support

The above case studies highlight only a few of the areas that CHEC provided support during 2020. Additional areas where CHEC helped its members reduce costs and streamline operations include:

- ▶ Customer Service Rules Implementation and Communications Support
- ▶ Ontario Electricity Rebate Support
- ▶ AFT Program Closing Intake
- ▶ Training – Leadership Training, OHS Due Diligence, WHMIS, 1598, Cost Allocation, LRAM, Paymentus and more.
- ▶ MDM/R Upgrade Support

THE FUTURE IS HERE

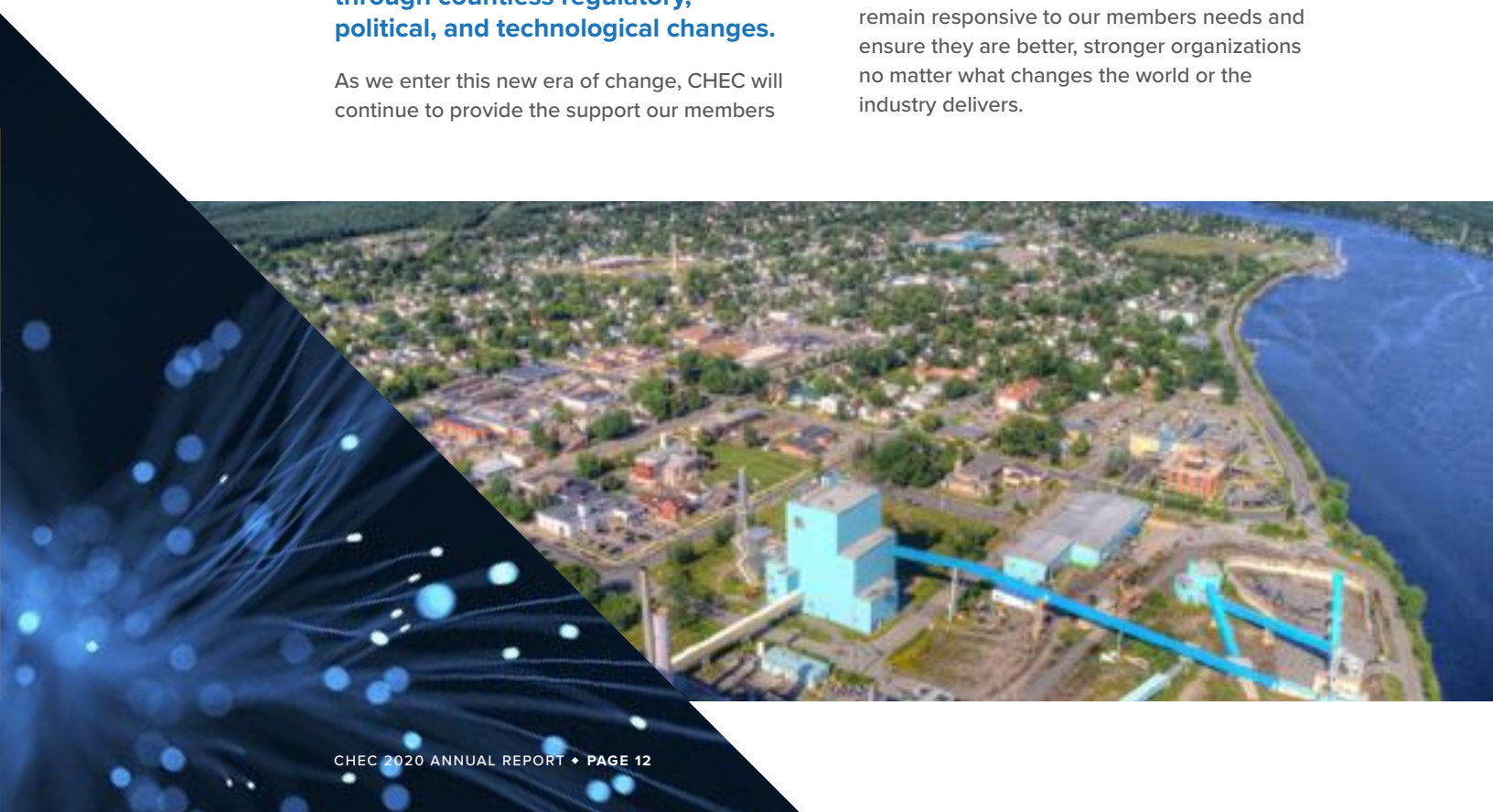
We are in the midst of a profound transition in the world of electrical distribution. Forces including the electrification of transportation, the Internet of Things, Distributed Energy Resources, and the smart grid will have a significant influence on the electrical industry and our members over the next decades. Customer control of generation through an interactive grid will be a critical area of CHEC support to help our members better serve their customers during this transition.

For over 20 years CHEC has adapted and changed to provide the kind of support that our members needed through countless regulatory, political, and technological changes.

As we enter this new era of change, CHEC will continue to provide the support our members

need to navigate the new landscape. There is a tremendous opportunity for our members to harness the potential of these coming changes whether through technological innovation or through new business models.

With the rise in mergers and acquisitions in the utility space, the collaboration and united voice that CHEC provides has never been more important. We are the voice of the small LDC and the driver of unique collaborations and efficiencies. CHEC led initiatives will continue to drive cost reductions in our member LDCs and joint procurement will become more important as pressure is put on our members to be more efficient and streamlined. CHEC will remain responsive to our members needs and ensure they are better, stronger organizations no matter what changes the world or the industry delivers.





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