

# Scorecard - Bluewater Power Distribution Corporation

8/1/2023

| Performance Outcomes  |   | Performance Categories  |                                    | Measures  |           | 2018        | 2019        | 2020        | 2021  | 2022 | Trend  | Target   |             |
|---|---|---|------------------------------------|-----------|-----------|-------------|-------------|-------------|-------|------|--------|----------|-------------|
|   |   |   |                                    |           |           |             |             |             |       |      |        | Industry | Distributor |
| <b>Customer Focus</b><br><br>Services are provided in a manner that responds to identified customer preferences.  | <b>Service Quality</b>                    | New Residential/Small Business Services Connected on Time                         |                                    | 96.89%    | 99.77%    | 100.00%     | 93.92%      | 90.27%      | 🟢     |      | 90.00% |          |             |
|   |   | Scheduled Appointments Met On Time  |                                    | 99.72%    | 100.00%   | 100.00%     | 99.41%      | 99.03%      | 🟢     |      | 90.00% |          |             |
|   |   | Telephone Calls Answered On Time  |                                    | 82.31%    | 87.40%    | 82.67%      | 86.26%      | 88.21%      | 🟡     |      | 65.00% |          |             |
|   | <b>Customer Satisfaction</b>              | First Contact Resolution  |                                    | 99.99%    | 99.99     | 99.99%      | 99.93       | 99.94%      |       |      |        |          |             |
|   |   | Billing Accuracy  |                                    | 99.97%    | 99.99%    | 99.98%      | 99.99%      | 99.96%      | 🟢     |      | 98.00% |          |             |
|   |   | Customer Satisfaction Survey Results  |                                    | 74.40%    | 74.4      | 77.8%       | 77.8        | 80.2%       |       |      |        |          |             |
| <b>Operational Effectiveness</b><br><br>Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.                             | <b>Safety</b>                             | Level of Public Awareness   |                                    | 86.00%    | 87.00%    | 87.00%      | 88.00%      | 88.00%      |       |      |        |          |             |
|   |   | Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>                    |                                    | C         | C         | C           | C           | C           | 🟢     |      | C      |          |             |
|   |   | Serious Electrical Incident Index   | Number of General Public Incidents |           | 0         | 0           | 0           | 0           | 0     | 🟢    |        | 0        |             |
|   |   |   | Rate per 10, 100, 1000 km of line  |           | 0.000     | 0.000       | 0.000       | 0.000       | 0.000 | 🟢    |        | 0.000    |             |
|   | <b>System Reliability</b>                 | Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>      |                                    | 1.60      | 1.88      | 1.95        | 1.86        | 1.46        | 🟢     |      | 1.66   |          |             |
|   |   | Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>      |                                    | 1.67      | 1.87      | 2.02        | 1.59        | 1.45        | 🟢     |      | 1.51   |          |             |
|   | <b>Asset Management</b>                   | Distribution System Plan Implementation Progress                                  |                                    | At Budget | At Budget | Near Budget | Near Budget | Near Budget |       |      |        |          |             |
|   | <b>Cost Control</b>                       | Efficiency Assessment   |                                    | 3         | 3         | 3           | 3           | 3           |       |      |        |          |             |
|   |   | Total Cost per Customer <sup>3</sup>  |                                    | \$730     | \$734     | \$710       | \$714       | \$779       |       |      |        |          |             |
|   |   | Total Cost per Km of Line <sup>3</sup>  |                                    | \$34,186  | \$34,871  | \$21,695    | \$21,932    | \$24,402    |       |      |        |          |             |
| <b>Public Policy Responsiveness</b><br><br>Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board). | <b>Connection of Renewable Generation</b> | Renewable Generation Connection Impact Assessments Completed On Time <sup>4</sup> |                                    | 100.00%   | 100.00%   | 100.00%     |             |             |       |      |        |          |             |
|   |   | New Micro-embedded Generation Facilities Connected On Time                        |                                    | 100.00%   |           |             | 100.00%     | 100.00%     | 🟢     |      | 90.00% |          |             |
| <b>Financial Performance</b><br><br>Financial viability is maintained; and savings from operational effectiveness are sustainable.  | <b>Financial Ratios</b>                   | Liquidity: Current Ratio (Current Assets/Current Liabilities)                     |                                    | 1.36      | 1.13      | 1.09        | 0.94        | 0.77        |       |      |        |          |             |
|   |   | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio     |                                    | 0.67      | 0.69      | 0.72        | 0.60        | 0.67        |       |      |        |          |             |
|   |   | Profitability: Regulatory Return on Equity  | Deemed (included in rates)         |           | 8.98%     | 8.98%       | 8.98%       | 8.98%       | 8.98% |      |        |          |             |
|   |   |   | Achieved                           |           | 11.86%    | 10.93%      | 10.80%      | 9.39%       | 7.69% |      |        |          |             |

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
 2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.  
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.  
 4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

**Legend:**

5-year trend  
 🟢 up 🟡 down 🟠 flat

Current year  
 🟢 target met 🟠 target not met

# 2022 Scorecard Management Discussion and Analysis (“2022 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2022 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

## Scorecard MD&A - General Overview

- Bluewater Power is pleased to report on its Scorecard results for 2022. Bluewater Power serves over 37,000 customers throughout six Municipalities in Lambton County, and we serve our customers in the most efficient and reliable way possible every day. The Ontario Energy Board (“OEB”) has determined that the measures below are important for distributors to report on, and the measures touch on all aspects of our service requirements.

### Service Quality

- **New Residential/Small Business Services Connected on Time**

Distributors must connect a new service for a customer within five business days, 90% of the time, unless the customer agrees to a later date. In 2022, Bluewater Power connected 102 new services, or 90.27%, within the five-day time frame.

- **Scheduled Appointments Met On Time**

For appointments required during Bluewater Power’s regular business hours, we must offer a window of time that is not more than four hours long and must arrive within that window 90% of the time. Bluewater Power met that requirement 99.03% of the time in 2022.

- **Telephone Calls Answered On Time**

During Bluewater Power’s regular call center hours, phone calls must be answered within 30 seconds, 65% of the time. Bluewater Power received over 24,000 phone calls in 2022, and 88.21% of the time they were answered within 30 seconds. Bluewater Power strives to manage the phone calls in an efficient manner and to be able to handle unforeseen events such as extreme weather, legislative changes, and new business practices within existing staffing levels.

## Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a measure of how effective a distributor is at meeting a customer's needs the first time the utility is contacted. The OEB has not mandated how this measure is to be calculated; therefore, there will be many different calculation methods and different values presented by utilities. In Bluewater Power's case, an indicator is included on a customer record to track any instances where a customer seeks a higher level of management in order to address their concern. The end result is that Bluewater Power successfully addressed 99.94% of customer's questions and concerns at the first contact.

- **Billing Accuracy**

The Ontario Energy Board prescribed a measurement of billing accuracy which must be used by all distributors. Bluewater Power created over 490,000 bills during 2022, and 99.96% of them were delivered without issue, which exceeds the minimum requirement of 98%

- **Customer Satisfaction Survey Results**

Distributors are required to report on customer satisfaction results at least every other year. In March 2023, Bluewater Power hired a third-party consultant to perform a telephone-based Customer Satisfaction poll. In total, 360 residential customers and 40 commercial customers were surveyed during a two-week period. The poll surveyed customers on subjects such as reliability of service, accuracy of bills, bill payment options, customer service experience, communications, and overall satisfaction. The resulting overall satisfaction was 80.2%. This is an increase from the 77.8% reported from the survey two years prior, and the fourth consecutive survey that showed increasing customer satisfaction.

## Safety

- **Public Safety**

The Ontario Energy Board introduced the Public Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The data for the Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components as outlined below.

- **Component A – Public Awareness of Electrical Safety**

The public awareness component is expected to measure the level of awareness of key electrical safety precautions among public within the distributors service territory. A standard survey across the province was first implemented in early 2016, and Bluewater completed its fourth bi-annual public safety awareness survey in early 2022. Bluewater Power customers have increased their safety awareness to 88% compared to 87% achieved in 2020. This is a positive trend as Bluewater Power continues to provide safety awareness information to our customers through many different channels.

- **Component B – Compliance with Ontario Regulation 22/04**

Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before the assets are put into service. The regulation is monitored through an audit of compliance. There are 3 levels assessed: Non-compliance (NC), Needs Improvement (NI), and Compliant (C). At Bluewater Power, safety of both the public and employees is paramount; Bluewater Power is pleased to have received a 'Compliant' rating again in 2022.

- **Component C – Serious Electrical Incident Index**

This index measures the number and rate of serious electrical incidents occurring on a distributor's assets affecting the public, and is normalized per km of line. Bluewater Power has had zero serious electrical incidents involving the public over the last five years.

## **System Reliability**

- **Average Number of Hours that Power to a Customer is Interrupted**

An important feature of a reliable distribution system is recovering from power outages as quickly as possible. Bluewater Power must track the average length of time, in hours, that its customers have experienced a power outage over the past year. This is calculated as the number of total hours of power interruptions divided by the average number of customers served within a year. The 2022 result of 1.46 hours per customer, was a decrease from 2021, meaning customers experienced fewer hours of outages in 2022. The results also met Bluewater's target of no more than 1.66 hours per customer.

- **Average Number of Times that Power to a Customer is Interrupted**

Another important feature of a reliable distribution system is reducing the frequency of power outages; thus, Bluewater Power must track the number of times its customers have experienced a power outage in the last year. This is calculated as the number of interruptions divided by the average number of customers served within a year. The 2022 result is 1.45 meaning on average customers experienced fewer outages than in 2021. The target of having less than 1.51 outages per customer was also met. Projects to replace end-of-life equipment and clear vegetation from lines have contributed to the decrease in number and length of outages. Bluewater continually strives to improve the resiliency of the system to withstand the impact of environmental issues such as storms.

## Asset Management

- **Distribution System Plan Implementation Progress**

Bluewater Power undergoes a rigorous planning process each year to establish the amount of asset maintenance and asset replacement that is warranted in order to have a safe, reliable distribution system. Each utility uses a different way to assess whether their work is 'on track' with their plans. Bluewater Power categorizes each capital project based on high, medium or 'other', mainly based on the specific project's impact on system reliability. Consistent with past years, a comparison of the distribution system plan budget and actual spending has been used to assess the progress of Bluewater Power's asset management. Bluewater Power's budget, contains 3 categories of operations spending: high priority, medium priority, and non-reliability related projects. The 2022 budget for high priority projects was \$6.3 million, and actual spending was \$6.46 million. While the high priority projects exceeded budget, spending in other categories was less than budget. Overall, 94% of the distribution system plan budget was completed, resulting in the 'near budget' rating. The remaining capital projects within the operations group are completed based on priority, and Bluewater Power is continually balancing resources to focus on completing capital projects as planned.

## Cost Control

- **Efficiency Assessment**

Bluewater Power must manage its costs successfully in order to assure its customers they are receiving value for the cost of the service they receive. The 'total costs' are calculated as the sum of operating expenses and capital costs, including certain adjustments to make the costs more comparable between distributors. These total costs are evaluated to produce a single 'efficiency' ranking for each utility. The ranking is based on how big the difference is between each utility's actual and predicted cost as determined by a Total Cost Benchmarking study undertaken at the direction of the Ontario Energy Board. Utilities whose actual costs are lower than predicted costs are considered more efficient and are assigned to Group 1 or Group 2. Utilities that are considered average performers will be assigned to Group 3, and utilities whose actual costs are higher than predicted costs will be assigned to Group 4 or 5. Bluewater Power is in the middle ranking (Efficiency Assessment = 3) of five groups which means actual costs are close (+/-10%) to what was predicted by the benchmarking study. In 2022, Bluewater's 2020-22 three-year average cost performance was -6.7% or 6.7% better than predicted costs. This was an improvement from the previous 2019-21 three-year average of -3.9% or 3.9% better than predicted costs.

- **Total Cost per Customer**

A measure that can be used to compare utilities is the Total cost per customer. Bluewater Power's cost per customer in 2022 was \$779. Bluewater's cost per customer has fluctuated in recent years. In 2020 and 2021 Bluewater's costs were lower than usual due to reduced business activities, such as vegetation management, due to Covid and other pressures. The increase in 2022 costs is the result of resumption of Bluewater's full work plan as well as higher levels of inflation than previously experienced. Compared to 2019, with costs of \$734 per customer, Bluewater's cost per customer has increased on average of approximately 2% per year to \$779 in 2022. Bluewater's cost per customer was 2.4% higher than the average cost per customer in Ontario.

- **Total Cost per Km of Line**

Similar to the Total Cost per Customer noted above, another measure is the utilities Total Cost per km of line. Bluewater Power's cost per km of line has fluctuated in recent years for the reasons described under the Total Cost per Customer section. Bluewater's costs of \$24,402 per km of line was 4.3% lower than the Ontario average of \$25,492.

## Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected On Time**

All distributors must connect smaller generators (< 10 kW) such as rooftop solar panels, within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2022, Bluewater Power connected 2 requested micro-embedded generation facilities within the time requirement, resulting in 100% achievement.

## Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

The current ratio measures its liquidity by comparing its current assets to its current liabilities. A ratio of more than 1.0 means a company has more current assets, than current liabilities. A ratio of less than 1.0 means a company has more current liabilities than current assets. Bluewater Power's current ratio decreased to 0.77 in 2022, as it continued to rely on short term borrowing from its parent company and its bank. The short-term loans were replaced with a long-term loan in the first half of 2023, having a positive impact on the current ratio. Absent this temporary financing, Bluewater's current ratio is favourable.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

This ratio measures the degree to which the utility is leveraging itself through its use of borrowed money. Bluewater Power's debt to equity ratio for 2022 is 0.67, which is favourable.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

Return on Equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the Ontario Energy Board. The deemed rate allowed for Bluewater Power is 8.98%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

- **Profitability: Regulatory Return on Equity – Achieved**

The achieved rate indicates the utilities actual Return on Equity earned each year. In 2022, Bluewater Power earned a return on equity of 7.69%, which is within the allowed range of +/-3 % of the deemed return on equity. The decrease in ROE from previous years was largely the result of increased inflation experienced in 2022. Overall Bluewater is proud of its financial results and the ROE is a result of continually balancing costs with productivity savings.

## Note to Readers of 2022 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.