

Scorecard - EPCOR Electricity Distribution Ontario Inc.

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	93.39%	91.71%	94.46%	98.25%	96.25%	↑	90.00%		
		Scheduled Appointments Met On Time	99.40%	99.51%	100.00%	100.00%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	76.49%	75.68%	78.45%	87.56%	92.28%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	98.94	99.90%	99.75%	99.82%	99.80%				
		Billing Accuracy	99.96%	99.96%	99.96%	99.97%	99.98%	→	98.00%		
		Customer Satisfaction Survey Results	73	74.0%	74.0%	74.0%	74.0%				
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	82.80%	82.80%	83.50%	83.50%	82.90%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	1	0	0	0	→		0
			Rate per 10, 100, 1000 km of line	0.000	0.270	0.000	0.000	0.000	→		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.65	1.46	2.65	1.94	0.44	↓		1.24	
		Average Number of Times that Power to a Customer is Interrupted ²	0.82	0.91	1.38	1.06	0.30	↓		0.68	
	Asset Management	Distribution System Plan Implementation Progress	75.93	77.41	79.48	85.44	93.39%				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$641	\$608	\$584	\$640	\$687				
		Total Cost per Km of Line ³	\$30,951	\$29,415	\$28,487	\$30,915	\$33,377				
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time									
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.04	1.25	1.28	1.29	1.16				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.86	1.29	1.29	1.22	1.42				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	9.36%			
			Achieved	2.77%	-1.77%	3.47%	0.75%	3.95%			

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.

Legend: 5-year trend: ↑ up, ↓ down, ↔ flat. Current year: ● target met, ● target not met

2023 Scorecard Management Discussion and Analysis (“2023 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 2023 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

EPCOR Electricity Distribution Ontario Inc. (“EPCOR”) has successfully achieved productivity and efficiency objectives to better serve our customers. For the last nine years, the Corporation achieved an efficiency assessment of 2 which was assigned based on a three-year average of actual less predicted costs from a benchmarking study commissioned by the Ontario Energy Board. Utilities that average between 10% and 25% below predicted costs are assigned this efficiency factor.

In 2023, EPCOR met or exceeded all performance targets. In 2023 EPCOR continued to invest with significant capitol projects resulting in required scheduled outages to facilitate safe working conditions to provide a more reliable distribution system for our customers. Aging distribution infrastructure continues to be the primary challenge facing utilities today. Like most utilities in Ontario, EPCOR must replace aging infrastructure at an accelerated pace to meet this challenge. In addition, vegetation control, including tree trimming activities, were continued in the year to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather.

EPCOR continues to focus on providing excellent customer service and this was further demonstrated in 2023. EPCOR continued to exceed customer service targets and in some cases, improve on results from 2022. We continue to offer “Customer Connect” to assist our customers with interactive information that enables them to better monitor and control their electricity consumption and provides access to their billing history and other reports. EPCOR makes every effort to engage its customers on a regular basis to ensure we are aware of customer needs and continue to offer reasonable rates. EPCOR remains committed to providing its customers with the most reliable service at the least possible cost. EPCOR will continue its efforts to improve its overall scorecard performance results in the coming years.

Service Quality

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

In 2023, EPCOR connected 347 low-voltage connections under 750 volts. EPCOR considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. EPCOR connected 96.3% of the requests on time, which exceeds the Ontario Energy Board (“OEB”) mandated target of 90% for this measure. EPCOR expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

EPCOR had requests to schedule 241 appointments to complete work requested by its customers where a customer/representative was required in 2023. EPCOR considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all types of appointments. In 2023, EPCOR met 100% of these appointments on time, which exceeds the Ontario Energy Board’s mandated target of 90%. EPCOR expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2023, EPCOR received 12,385 qualified incoming calls from its customers (an average of 50 calls per business day). The number of qualified incoming calls answered within 30 seconds was 11,006. Customer service representatives answered 92.3% of eligible calls in 30 seconds or less, which exceeds the Ontario Energy Board mandated target of 65% and an improvement on the metric from 2022 (87.6%). EPCOR considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. EPCOR expects to maintain the service level of this metric in 2024.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution was introduced by the Ontario Energy Board in 2014 as a measure of a distributor's effectiveness at satisfactorily addressing customer complaints. EPCOR defines "First Contact Resolution" as the number of customer inquiries expressed as a percentage of all inquiries where escalation to an alternate contact at the utility, typically a supervisor or a manager, was required. EPCOR considers the ability to address customer inquiries quickly and accurately to be an essential component of customer satisfaction. For the year 2023, EPCOR received 10,908 inquiries from its customers, of which 99.8% were successfully resolved during first contact. EPCOR expects this trend to continue in 2024.

- **Billing Accuracy**

Billing Accuracy was introduced by the Ontario Energy Board in 2014, and is defined as the number of accurate bills issued expressed as a percentage of total bills issued. EPCOR considers timely and accurate billing to be an essential component of customer satisfaction. For 2023, EPCOR issued 227,163 customer bills resulting in billing accuracy of 99.98%, which exceeds the Ontario Energy Board mandated target of 98%. EPCOR expects this trend to continue in 2024.

- **Customer Satisfaction Survey Results**

The Customer Satisfaction Survey was introduced by the Ontario Energy Board for the 2014 year. Distributors are required to conduct their survey on a biennial basis. There has not yet been a target set by the OEB for the industry. EPCOR considers this customer satisfaction survey to be a useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services and for identifying areas that may require improvement.

For the two-year reporting period 2022/2023, EPCOR retained Advanis Inc. to conduct their individual survey and received a customer satisfaction index score of 74.0% overall. This is consistent with the 2022/2023 results. This statistical survey, with a 95% confidence level, canvassed a number of key areas including power quality and reliability, price, billing and payment, communications, and the overall customer service experience. The survey is comprised of approximately 400 randomly selected interviews of customers among the low volume customer base (residential customers and general service under 50kW customers).

Safety

- **Public Safety**

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

EPCOR's Public Safety Awareness Index Score for 2023 was 82.90%. This was based on data obtained from the 2023 & 2024 biennial public safety awareness survey. This survey contained standardized questions for a statistically representative sample of a distributor's service territory's population. EPCOR does and will continue to demonstrate a strong dedication to public awareness for electrical safety through various public awareness sessions such as; education sessions for elementary students, attendance and participation at public events (virtual or in-person), and social media postings.

It's anticipated that going forward public awareness of Electrical Safety will improve with the additional resources provided by EPCOR's corporate Public & Government Affairs business unit.

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

In 2023 EPCOR was fully compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and the adherence to our company procedures & policies. This trend is expected to continue into the foreseeable future.

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

In 2023 EPCOR had ZERO fatalities and ZERO serious incident with no injuries within its service territory. EPCOR is expecting this trend to continue in 2024.

System Reliability

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

System Average Interruption Duration Index – “SAIDI”

EPCOR continued to provide reliable service to its customers in 2023 resulting in a decrease in its SAIDI value to 0.44 (1.94 in 2022). 35% of this value was necessary to ensure safe work conditions for EPCOR staff to upgrade, install and enhance infrastructure. It is expected that with our continued vegetation management program, investments in our Capital projects to update our infrastructure and strategically improving our scheduled outages will continue to result in favorable outcomes in future years.

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

System Average Interruption Frequency Index – “SAIFI”

The number of times EPCOR’s customers experienced interrupted power decreased in 2023 to 0.30 (1.06 in 2022). The decrease in 2023 can be mainly attributed to improving the planning of scheduled outages while crews are completing construction projects where outages are required for very short durations to safely facilitate system access and system renewal works.

NOTE: The metrics used to set the target of 1.24 (SAIDI) and 0.68 (SAIFI) are based on EPCOR’s Cost of Service Application Exhibit 2 – Rate Base (EB-2022-0028) – 5.2.3 Performance Measurement.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (DSP) Implementation Progress is a performance measure instituted by the Ontario Energy Board beginning in 2013. The OEB has not yet set a target for this measure. Distributors are permitted to use discretion as to how they implement the measure, which they must describe in this analysis and be a measure they believe most effectively reflects performance in Distribution System Plan Implementation. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization.

The DSP Implementation Progress measure is intended to assess EPCOR's effectiveness at planning and implementing capital expenditures, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The plan is available on the company website.

In 2023, EPCOR has new distribution rates approved, along with a new 5-year DSP. As rates were not effective until October 1, 2023, the comparison below is based on the final year of the previous DSP.

EPCOR has used its five-year finalized DSP for 2019 to 2023 for the calculation of this measure, which outlines forecasted capital expenditures over five years. The DSP was filed with the OEB on August 28, 2019. The Corporation defines this measure as the tracking of actual capital projects completed compared to planned capital projects, expressed as a percentage. For 2023, EPCOR completed 93.39% (2022 – 85.44%) of the capital projects planned for the year plus a number of projects carried forward from the previous year.

The measure has consistently improved from 2019 through 2023. The system renewal category for line rebuilds was the main area of incomplete capital, which was a result of continuing to catch up on prior years projects,.

EPCOR expects that going-forward the trend will show an increase in project completion targets in the future. A robust capital expenditure versus budget reporting system is currently in place to monitor progress and achieve this goal.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its three-year average performance. To determine a ranking, electrical distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. For 2015 to 2023, EPCOR demonstrated improvement and was placed in Cohort 2 by the OEB. Cohort 2 is considered above average and is defined as having actual costs less than 10-25% of predicted costs.

EPCOR achieved a three-year average for 2021 to 2023 of 17.4%% less than predicted costs (2020 to 2022 – 14.1%). The Corporation's three-year average ranking has improved by 3.3%. For specifically the 2023 year, the result was 19.9% (2022 – 16.0%) less than predicted costs, which consistent with the prior year. EPCOR will continue to prudently invest and maintain the distribution system to ensure costs remain competitive and within acceptable limits to our customers.

- **Total Cost per Customer**

Total cost is calculated as the sum of a distributor's capital costs and OM&A costs, (including certain adjustments to make the costs more comparable between distributors, per reporting period) and dividing this cost figure by the total number of customers that EPCOR serves. Similar to most distributors in the province, EPCOR has experienced pressure on its total costs required to deliver quality and reliable services to customers due to growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to increased operating and capital costs.

The total cost performance result for 2023 is \$687 per customer, which is a 7% increase over the 2022 result.
The total cost performance result for 2022 is \$640 per customer, which is a 10% increase over the 2021 result.
The total cost performance result for 2021 is \$584 per customer, which is a 4% decrease over the 2020 result.
The total cost performance result for 2020 is \$608 per customer, which is a 5% decrease over the 2019 result.
The total cost performance result for 2019 is \$641 per customer, which is a 20% increase over the 2018 result.

The customer count history that forms the base of this calculation is as follows:

2023 - 19,032 (Increase of 298)
2022 - 18,734 (Increase of 216)
2021 - 18,518 (Increase of 205)
2020 - 18,313 (Increase of 397)
2019 - 17,916 (Increase of 508)

The measure of total cost per customer is calculating using a combined view of both operating costs and in-service capital investment in the calendar year. In 2023, EPCOR's cost per customer value has increased year over year due to increased capital investment and the inclusion of work-in-progress capital projects that were significantly completed in 2022, but were not put into service until 2023.

Going forward, utility costs are expected to keep pace with economic fluctuations; however, EPCOR will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements, while maintaining the reliability and quality of its distribution system and its service to customers. Our service territory also expects to see moderate continued growth in customer numbers which will help maintain the Total Cost per Customer results.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. Based on this, EPCOR's rate is \$33,377 (2022 - \$30,915) per km of line, which is a \$2,462 unfavourable increase over the previous year result. EPCOR's growth rate for its territory is considered to be relatively moderate. A moderate growth rate helps to contribute to the Corporation's ability to fund future capital projects and operating costs. The cost per km of line is expected to slowly increase as capital and operating costs also increase. EPCOR will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Similar to the cost per customer, the measure of total cost per KM of line is calculating using a combined view of both operating costs and in-service capital investment in the calendar year. In 2023, EPCOR's cost per km value has increased year over year due to the increased capital investment and the inclusion of work-in-progress capital projects that were significantly completed in 2022 but were not put into service until 2023.

Connection of Renewable Generation

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. On December 1, 2017, the microFIT Program reached the 50 MW Annual Procurement Target allocated for 2017 and the IESO stopped accepting new applications. As an alternative, customers were offered an option to connect as a net-metering facility. Under a net metering arrangement, the customer generates electricity from a renewable source for their own use while still drawing electricity from the grid when needed.

EPCOR has seen a decrease in uptake compared with the microFIT Program. In 2023, EPCOR connected five net metering facilities both within the Distribution System Code requirement of five business days.

Financial Ratios

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

As an indicator of financial health, the current ratio measures a company's ability to pay its short-term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

The current ratio decreased slightly from 1.29 to 1.16 in 2023. The average over the past five years is 1.20. The 2023 current ratio is in line with the average and the target.

The corporation forecasts cash flow needs arising from the capital planned during the year and borrows funds to maintain the current ratio at a healthy level. The Corporation expects to maintain a current ratio in the optimal range into the foreseeable future.

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

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholder's equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (equal to the ratio of 1.5:1) when setting rates for an electricity utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2023, EPCOR's debt to equity ratio was 1.42. This was an increase from the 1.22 result in the prior year. The capital structure is 56% debt and 44% equity at the end of the year. The Corporation managed its debt to equity ratio in 2023 with an additional \$3.0M loan from the parent company, EPCOR Utilities Inc. The Corporation expects to maintain debt to equity ratios at or slightly below the deemed 60/40 levels (equal to the ratio of 1.5:1).

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

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. EPCOR's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.36%. This rate has changed in 2023 due to the implementation of EPCOR's new distribution rates effective October 1, 2023. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

EPCOR achieved a ROE of 3.95% (0.75% in 2022), which falls outside the 9.36% +/-3% range allowed by the OEB.

In 2023, EPCOR received a Cost of Service ("COS") decision for approval of new rates implemented on October 1, 2023. The deemed ROE of 9.36% represent EPCOR's rate of return if new rates were implemented on January 1st, 2023. As such, the comparison of 2023 actuals to the approved 2023 ROE would not represent the entire years' earned return. Rather, 2023 actuals are the result of a combination of Jan-Sept at the approved 2013 COS rates and Oct-Dec at the approved 2023 COS rates.

In general, the long length of time since the 2013 COS is the largest contributing factor to variances. When EPCOR purchased the corporation in 2018, the share purchase agreement included a commitment to defer rebasing for 5 years and the corporation was already due for rebasing at that point in time. Therefore, the shareholder is absorbing the lost ROE increases typically expected by 10 years since rebasing. Additionally, with the increased capital additions over that extended period, EPCOR experienced higher amortization and interest. Accompanying the capital growth, the growth in the OM&A expenses year over year combined with the loss of the shared service agreement with the Town of Collingwood in 2016/2017 has driven increases as well.

Note to Readers of 2023 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.