

Scorecard - ERTH Power Corporation

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	97.60%	98.59%	95.84%	97.05%	95.76%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	99.06%	100.00%	99.18%		90.00%		
		Telephone Calls Answered On Time	96.52%	95.92%	95.02%	92.54%	93.49%		65.00%		
	Customer Satisfaction	First Contact Resolution	99.85	99.58	99.26	99.43	99.66				
		Billing Accuracy	98.49%	99.75%	99.85%	99.62%	99.69%		98.00%		
		Customer Satisfaction Survey Results	77.1	77%	77 %	76 %	76				
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	85.10%	85.10%	84.40%	84.40%	83.90%				
		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	1	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.229	0.226	0.000	0.000			100.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.94	0.78	2.17	0.93	1.31			0.91	
		Average Number of Times that Power to a Customer is Interrupted ²	0.56	0.29	0.87	0.47	0.38			0.39	
	Asset Management	Distribution System Plan Implementation Progress	108%	106.8%	104.5%	95.1%	100.7				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$691	\$680	\$676	\$720	\$813				
		Total Cost per Km of Line ³	\$36,992	\$36,142	\$35,797	\$38,366	\$44,313				
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					100.00%	100.00%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.76	0.77	0.73	0.65	0.52				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.00	0.90	0.86	0.80	0.83				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.00%	9.00%	9.00%	9.00%			
			Achieved	12.05%	8.35%	9.06%	9.72%	9.32%			

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>

Scorecard MD&A –General Overview

- ERTH Power Corporation, launched in July 2000 in the heart of Southwestern Ontario, representing the amalgamation of seven Public Utilities Commissions (PUCs) within the municipalities of Port Stanley, Aylmer, Belmont, Ingersoll, Thamesford, Otterville, Norwich, Burgessville, Beachville, Embro and Tavistock. In 2011, Clinton, Mitchell and Dublin, Ontario and most recently in 2019, Goderich, Ontario were added to our service territory. We are a licensed distribution company (LDC) providing efficient delivery of electricity, billing and maintenance service to over 24,000 residential and commercial customers across 15 communities within our licensed boundaries.
- In 2023, ERTH Power exceeded most performance targets and maintained its reliability stats over the previous year.
- ERTH Power performed well with respect to its targets and sustained its strong performance. ERTH Power monitors its results with respect to the measures reported on the scorecard, and is continually seeking to improve upon its performance in order to improve the service provided to its customers.

Service Quality

• New Residential/Small Business Services Connected on Time

In 2023 ERTH Power connected 95.76% of its 339 new residential and small businesses to the distribution system within the required 5-day window that has been determined by the Ontario Energy Board. New connections have continued to increase annually since the 2016 number of 230 with 2023 achieving significant growth in new connections. ERTH Power has been able to maintain its strong level of performance even with the increases in new connections over the past few years. ERTH Power expects to continue to maintain the current level of performance in 2024.

- **Scheduled Appointments Met On Time**

ERTH Power scheduled 243 appointments with its customers in 2023 to complete work that required staff to attend the location. Consistent with prior years (100%), ERTH Power met 99.18% of these appointments on time which significantly exceeds the industry target of 90%. ERTH Power expects to continue this level of service in 2024.

- **Telephone Calls Answered On Time**

In 2023 ERTH Power customer service staff received 19,438 calls (a 10% decrease over 2022) and achieved a service level of 93.49% in answering those calls within 30 seconds which significantly exceeds the industry target of 65%. At the same time only 5.15% of calls received were abandoned prior to customers speaking with an agent. ERTH Power will look to continue with its excellent call center performance in 2024.

Customer Satisfaction

- **First Contact Resolution**

Specific customer satisfaction measurements were introduced by the Ontario Energy Board on July 1, 2015. The OEB plans to review the information provided by electricity distributors over the next few years and implement a commonly defined measure for these areas in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

For ERTH Power, First Contact Resolution was measured based upon actual calls received from customers with respect to the same or similar issue and calculated this number as a percentage of all customer contacts received that resulted in the generation of an issue and for which a service order was created. The result was that 99.66% of customers' issues were dealt with on first contact. ERTH Power has maintained a level well above 96% since the target has been measured in 2016.

- **Billing Accuracy**

For the year 2023 ERTH Power issued 298,209 bills and achieved a billing accuracy of 99.69%. This compares favourably to the prescribed OEB target of 98%. ERTH Power continues to monitor its billing accuracy results and processes to maintain this high level of service.

- **Customer Satisfaction Survey Results**

At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time the Ontario Energy Board is allowing electricity distributors to use their own discretion as to how they implement this measure. As a result, this measure may differ from other utilities in the Province. Surveys need to be completed every other year. In 2022, ERTH Power contracted RedHead Media to conduct the Ontario Energy Board regulated Customer Satisfaction Survey and scored a 76% satisfaction rate. ERTH Power is reviewing the results and will work diligently to address areas of concern and improve its customer satisfaction level.

- **Public Safety**

This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

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

In 2023 ERTH Power completed its survey of its customers (for the entire merged service territory) with respect to public awareness of Electrical Safety. ERTH Power utilized a third party agency to survey its customers and ensure that an accurate sampling of its population was achieved. The results of this survey found that 83.9% of ERTH Power customers have strong awareness of electrical safety. The survey in 2023 resulted in a small decrease of less than 1% in awareness from the survey completed in 2021. ERTH Power will continue to work within its communities to ensure that this metric continues to improve in the future. This survey is required to be completed at a minimum every 2 years.

ERTH Power provides an Electrical Safety Awareness school program that targets grade one to eight throughout the schools in its service territory on a rotating basis. This program works to instill awareness of electrical safety at an early age and is an effort to ensure that all residents within the province are aware and safe around electrical equipment.

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

In 2023, ERTH Power was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

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

ERTH Power reported no serious incidents on its scorecard for 2023. We will continue to value both public and employee safety as our top priority moving forward to ensure our track record remains positive

System Reliability

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

ERTH Power had an increase in 2023 of the number of hours that power to a customer is interrupted from 0.93 in 2022 to 1.31. ERTH Power results remain below industry averages and continue to perform well in regards to reliability performance. The results in 2023 are slightly above the utility specific target; this target is the result of several years of excellent results that were at the lowest levels of all LDCs. The increase in 2023 is attributed to Scheduled Outages, which account for approximately 40% of the total, and were a result of two planned outages for upgrades/repairs to the system; both were conducted from 2am-8am and resulted in minimal impact to customers.

ERTH Power continues to view reliability of electricity service as a high priority for its customers and as such conducts a vegetation management program that ensures the whole system is trimmed every three years. Similarly, ERTH Power is dedicated to upgrading its assets to 27.6 kV in order to reduce its reliance on substations and thereby ensure that its reliability continues to be above average as aging stations are retired. This, combined with the ERTH Power's commitment to review the worst performing feeders on a quarterly basis in order to potentially improve reliability, will ensure customers continue to receive excellent reliability from ERTH Power's system.

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

ERTH Power's average number of times that power to a customer is interrupted has decreased in 2023 and remains at the low end of the former range of acceptable results set by the Ontario Energy Board for the entire industry and among the best results in the province historically. When compared to the distributor specific target of 0.39, ERTH Power at 0.38 for 2023 was slightly below its own target.

ERTH Power will continue to monitor the age and condition of its' assets and outages to ensure that the capital spend is appropriate to ensure that the number of outages are maintained at a level below the OEB target as well within customer tolerance levels.

Asset Management

- **Distribution System Plan Implementation Progress**

ERTH Power has completed its DSP and filed it with the OEB in September of 2017. The DSP has become the guiding document for tracking our capital spend. ERTH Power has detailed its 5 year spend and projects and has measured itself on an annual basis with respect to the actual spending level versus its plan. In 2023 ERTH Power spent approximately 100% of the dollars planned to be invested into its distribution system.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2023, for the fourth year in a row, ERTH Power was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs, with its operating costs being 6.5% less than predicted. Group 3 is considered “average efficiency” – in other words, ERTH Power costs are within the average cost range for distributors in the Province of Ontario. In 2023, 32% (17 distributors) of the Ontario distributors were ranked as “average efficiency”; 59% were ranked as “more efficient”; 9% were ranked as “least efficient. ERTH Power’s forward looking goal is to advance to the “more efficient” group and management’s expectation is that efficiency performance will not decline. In 2022 ERTH Power’s performance improved by 2.4% in relation to expected results and in 2023 realized a further 1.6% improvement.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of ERTH Power’s capital and operating costs and dividing this cost figure by the total number of customers that ERTH Power serves. The cost performance result for 2023 is \$813/customer which is an increase of 13% over 2022 driven by increased interest rate expenses coupled by a period of significant increased costs due to inflation. ERTH Power is focused on cost containment to ensure value for its customers.

Similar to most distributors in the province, ERTH Power has experienced increases in its total costs required to deliver quality and reliable services to customers due to increases in inflation effecting its costs. Despite this inflation of costs and interest rates, ERTH Power has worked diligently to keep its cost of operations relatively flat and in doing so has been able to maintain its efficiency ranking of cohort 3 while merging with a utility that was ranked in cohort 5 prior to the merger. ERTH Power will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that ERTH Power operates to serve its customers. ERTH Power’s 2023 rate is \$44,313 per Km of line, a 15.5% increase over the cost from 2022. This increase is due to significant rising costs of material due to inflation and rising interest rates, coupled with increased capital spending to reinforce the distribution system and ensure reliability for ERTH Power’s customers.

ERTH Power staff have been diligent in ensuring that its costs are controlled and those efforts have resulted in these positive changes in cost changes year over year both by kilometers of line and cost per customer growth being less than inflation.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**

ERTH Power received 3 renewable generation CIA's and all were completed on time in 2023.

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

ERTH Power connected its Micro-embedded Generation Facilities on time in 2023.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations. ERTH Power current ratio remains stable at 0.52 for 2023 as compared to 0.65 in 2022.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. A debt to equity ratio of 1.5 indicates that a distributor is structured appropriately in line with the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. ERTH Power maintains a debt to equity structure that is in line with the deemed 60% to 40% capital mix as set out by the OEB.

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

ERTH Power current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.00%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

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

ERTH Power's return achieved in 2023 was 9.32%, which is well within the +/-3% range allowed by the OEB. The average return over the past 5 years was 9.70% which is also well within return included in ERTH Power approved rates. ERTH Power has been extremely successful at driving efficiencies through its merger, while balancing its incremental costs.

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.