Scorecard - Essex Powerlines Corporation

9/12/2024

Performance Outcomes	Performance Categories	Measures		2019	2020	2021	2022	2023	Trend	Target: Industry	Target: 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		94.78%	93.27%	90.84%	91.45%	91.02%		90.00%	
		Scheduled Appointments Met On Time		93.15%	94.46%	93.15%	98.68%	97.06%		90.00%	
		Telephone Calls Answered On Time		82.62%	65.17%	76.62%	80.94%	81.05%		65.00%	
	Customer Satisfaction	First Contact Resolution		98.99%	99.15%	99.08%	99.6%	99.4%			
		Billing Accuracy		99.96%	99.92%	99.95%	99.95%	99.90%		98.00%	
		Customer Satisfaction Survey Results		83%	86%	86%	86%	87%			
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		83.00%	83.00%	85.00%	85.00%	85.00%			
		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	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
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		1.27	1.23	2.02	1.82	2.48			1.63
		Average Number of Times that Power to a Customer is Interrupted [2]		0.84	0.95	0.89	0.84	1.07			0.96
	Asset Management	Distribution System Plan Implementation Progress		37.5%	57%	76.13%	97.65%	99.84%			
	Cost Control	Efficiency Assessment		2	2	2	1	1			
		Total Cost per Customer [3]		$580	$577	$564	$625	$714			
		Total Cost per Km of Line [3]		$10,907	$10,979	$10,789	$12,005	$13,231			
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%	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)		0.57	0.72	0.76	0.85	1.03			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.31	1.32	1.25	1.27	1.21			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.00%	9.00%	9.00%	9.00%			
			Achieved	7.30%	6.14%	6.79%	6.09%	4.50%			

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

Essex Powerlines Corporation ("EPLC") is dedicated to meeting and exceeding customer and community needs. It does so by providing services that put the needs of its customers first and are cost effective.

In 2023, EPLC continued to exceed performance targets set for the industry. EPLC saw improvement in many areas as compared to 2022, including an increase in telephone calls answered on time and customer satisfaction survey results.

EPLC proactively monitors scorecard metrics using dashboards, in order to actively monitor and ensure compliance, while continuously investigating further opportunities to improve upon its performance. EPLC is committed to on-going year-over-year performance improvement for 2023 and beyond.

Service Quality

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

  In 2023, EPLC connected 91.02% of low voltage residential and small business customers within the five-day timeline prescribed by the Ontario Energy Board (OEB). This is a decrease from the 2022 performance of 91.45%. EPLC has consistently outperformed the industry target of 90% for the past five years, since 2019.

- **Scheduled Appointments Met On Time**

  EPLC scheduled 272 customer related appointments in 2023 and attended 97.06% of these appointments on time. This is a decrease from the 98.68% of appointments met on time in 2022. EPLC has consistently outperformed the industry target of 90%.

- **Telephone Calls Answered On Time**

  EPLC’s customer service call centre received 21,946 calls and 81.05% of the time a Customer Service Representative answered the phone within 30 seconds or less. This is an improvement from 80.94% of telephone calls answered on time in 2022. EPLC has consistently outperformed the industry target of 65% for the five-year period from 2019 to 2023.

Customer Satisfaction

- **First Contact Resolution**

  Electricity distributors have been granted discretion related to how this metric is implemented and monitored. Formalization of this metric by the OEB is anticipated in the near future. The spirit of this metric, however, is to identify a distributor’s effectiveness at satisfactorily addressing customers’ complaints upon first contact with a distributor.

  EPLC measures this metric based on the number of calls received and how many of these calls required escalation to a supervisor. In 2023, 99.40% of calls received by EPLC were resolved without escalation to a supervisor. This is a slight decrease in comparison to 2022 where 99.60% of calls did not require escalation.

- **Billing Accuracy**

  For 2023, EPLC issued 379,817 bills and achieved a billing accuracy of 99.90%. This is consistent with the 2022 result of 99.95%. EPLC has consistently outperformed the industry target of 98% for the five-year period from 2019 to 2023 and will continue to monitor its billing accuracy to ensure compliance with the standard established by the OEB.

- **Customer Satisfaction Survey Results**

  Electricity distributors have been granted discretion related to their implementation of this metric. Customer satisfaction surveys are required to be completed on a bi-annual basis and are meant to examine customer satisfaction levels in the following key areas: (a) power quality and reliability; (b) price; (c) billing and payment; (d) communications and; (e) the customer service experience. Distributors are expected to follow good survey practices and select samples that adequately represent the distributors’ rate payer population.

  In 2022, EPLC engaged an independent third-party service provider to conduct a telephone survey on its behalf. This survey is required to be completed on a bi-annual basis. A total of 413 random telephone surveys were completed, with 378 residential customers and 35 general service (under 50kW) customers surveyed. Customers were polled on their levels of satisfaction with EPLC in the following areas:(a) overall satisfaction; (b) reliability and power quality; (c) billing and payment; (d) customer service experience; (e) communications; and (f) price.

The customer service survey results indicate that overall 87% of customers are satisfied with EPLC. EPLC uses feedback received from the survey results as a method of better understanding customer preferences and priorities in order to improve ongoing customer satisfaction.

Safety

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

    This survey is required to be completed on a bi-annual basis and was completed in 2023. EPLC engaged a third party to conduct this survey on its behalf. Random telephone surveys were conducted on 480 residents, 18 years of age or older, residing within EPLC's service territory. The survey's focus was to measure the public's level of awareness regarding key electrical safety precautions. The results indicated that 85% of the public are aware of Electrical Safety, which is identical to the results of the last survey completed in 2021.

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

    O. Reg. 22/04 requires the "approval of equipment, plans, specifications and inspection of construction before putting systems into service"[1]. EPLC compliance with this regulation is audited annually by an independent consultant selected by the ESA. These audits will yield one of the following outcomes:

    - Not Compliant – indicates a failure to comply with a substantial part of O.Reg. 22/04 or continuing failure to comply with a previously identified NI item;
    - Needs Improvement – indicates continuing failure to comply with a previously identified NI item or a non-pervasive failure to comply with adequate, established procedures for complying with O.Reg. 22/04;
    - Compliance – indicates that the distributor substantially meets the requirements of O.Reg. 22/04

[1] "EDSR I Ontario Regulation 22/04." *ESA website*, https://esasafe.com/role/edsr/

In 2023, EPLC received an audit result of Compliant, which is consistent with the audit result in 2022. EPLC continues to ensure it is compliant with O.Reg. 22/04. Safety is a core value of EPLC and its importance is highlighted throughout EPLC's daily operations.

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

  There have been no serious electrical contacts within EPLC's distribution system during the five-year period from 2019 to 2023 as indicated on the scorecard.

System Reliability

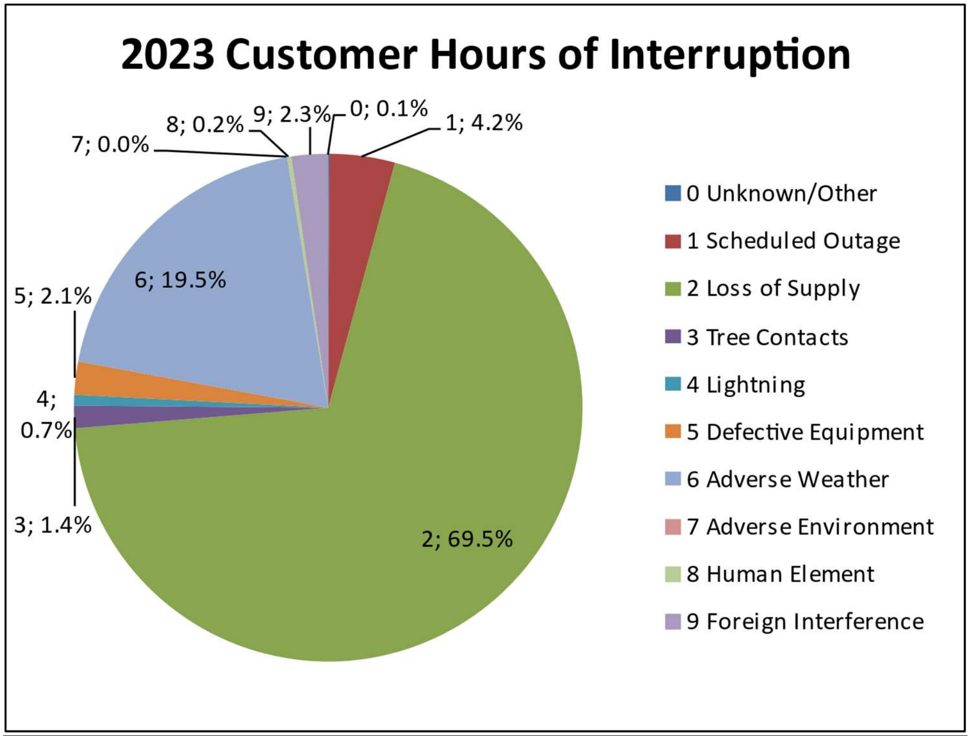
- **Average Number of Hours that Power to a Customer is Interrupted**

EPLC experienced an increase in the number of hours where power to a customer was interrupted, which was 2.48 in 2023 compared to 1.82 in 2022. Severe weather events experienced in 2023 account for this increase. EPLC's current five-year average is 1.76 hours which is higher than last year's five-year average and above the target of 1.63. Loss of supply (outside of EPLC's service territories) has historically been, and continues to be, the largest contributor to this metric. In 2023, 69.5% (an increase from 61.2% in 2022) of the total number of hours power was interrupted was the result of a loss of supply event. All other sources of customer interruptions are noted in Figure 1 below.

Scheduled outages, foreign interference and adverse weather are some of the various incidents that can affect this metric. EPLC's Distribution System Plan ("DSP"), Reliability Centered Maintenance ("RCM") and Asset Management Programs are designed to reduce these occurrences. In addition, EPLC uses Best-In-Class Asset Investment Strategy tools and processes to improve this metric. Examples of these tools and processes include:

- Using risk assessments and strategic objectives to reduce risk and optimize investment;
- Maintain RCM statistics within acceptable severity and importance indices;
- Perform inspections, preventative maintenance and remediate findings;
- "Global Information System" (GIS) provides full customer connectivity and asset information;
- SmartMAP software provides:
  - Full integration of alerts of out of range distribution system data (i.e. voltage, loading, fault current and outages),
  - Engineering – modelling, design and analysis tools

Figure 1

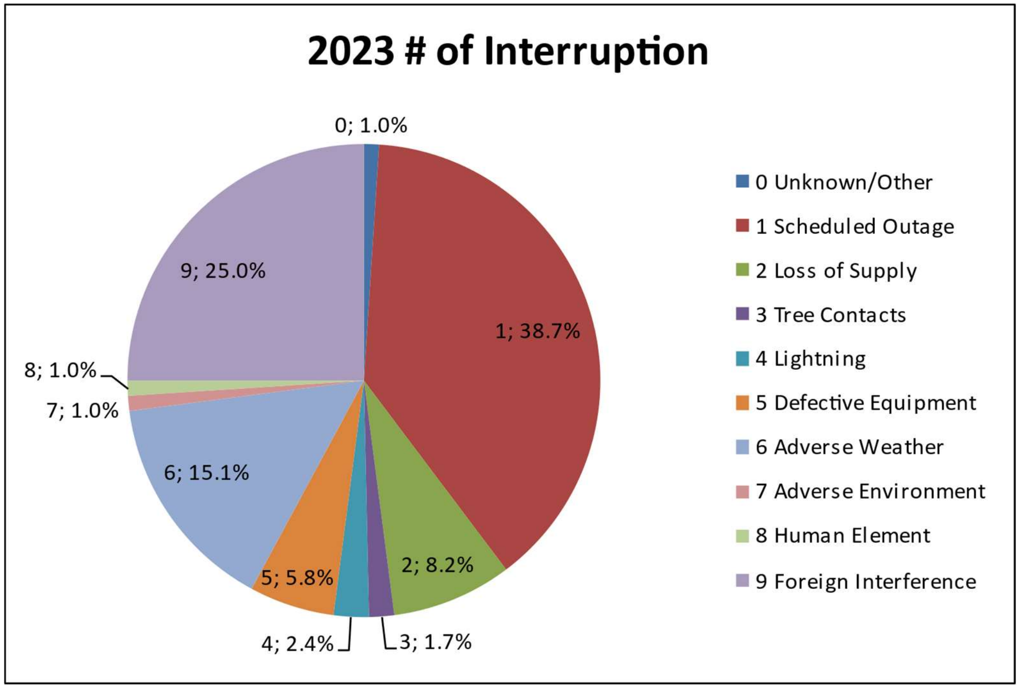


- **Average Number of Times that Power to a Customer is Interrupted**

EPLC experienced an increase in the number of times that power to a customer was interrupted, which was 1.07 in 2023 compared to 0.84 in 2022. Severe weather events experienced in 2023 account for this increase. EPLC's five-year average is 0.92 times, which has decreased slightly compared to the previous five-year average and is below the target of 0.96. Scheduled outages, foreign interference (animal, vehicle, dig-ins) and adverse weather account for approximately 38.7%, 25.0% and 15.1% of the 2023 metric respectively. All other sources of power interruption are noted in Figure 2 below.

Consistent with above, several incidents can affect this metric. EPLC's "DSP", "RCM", Asset Management Programs and Best-In-Class Asset Investment Strategy tools and processes help to reduce these occurrences.

Figure 2



Asset Management

- **Distribution System Plan Implementation Progress**

EPLC filed its first DSP as part of its Cost-of-Service Application submitted in August 2017 which was approved effective May 1, 2018 and implemented October 1, 2018. The DSP outlines the forecasted capital expenditures over the next five years required to maintain, improve and expand EPLC's distribution system.

EPLC measures the progress of its DSP implementation as a ratio of actual total capital expenditures and system O&M over the total amount of planned capital expenditures and system O&M for the five-year DSP forecast. The 2023 measure indicates that EPLC has completed 99.84% of its planned projected spend in its five-year plan.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

  On March 20, 2019, the Minister of Energy, Northern Development and Mines revoked the direction entitled 2015-2021 Conservation First Framework. EPLC worked with the Ministry and the IESO to discontinue and wind down all programs. Therefore, this measure is no longer available.

Connection of Renewable Generation

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

  Electricity distributors are required to conduct CIAs within 60 days of the receipt of a complete application. In 2023, EPLC had no requests for CIAs.

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

  Electricity distributors are required to connect new micro-embedded generation facilities within five business days. In 2023, EPLC connected 6 new micro-embedded generation facilities. EPLC has consistently performed above the industry target of 90% for the five-year period from 2019 to 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 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.

  EPLC’s current ratio for 2023 is 1.03, up from 0.85 in 2022. This ratio has been trending upwards over the last five years as EPLC has adapted and secured more long-term financing to replace shorter-term borrowings to take advantage of historically low financing rates. EPLC's current ratio in 2023 has increased by 21.18% over 2022.

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

  The OEB uses a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly leveraged than 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. A debt to equity ratio of less than 1.5 indicates that the distributor is less leveraged than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

  EPLC's Total Debt to Equity ratio has experienced slight fluctuations over the past five years and is 1.21 for 2023. EPLC has intentionally maintained a low Debt to Equity ratio to minimize its annual interest costs and to remain flexible should unforeseen borrowing needs arise. EPLC's goal has been to increase its leverage closer to the approved ratio of 1.5.

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

  The OEB allows a distributor to earn within +/- 3% of the expected rate of ROE. 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. The allowed deemed return on equity was decreased from 9.85% to 9.00% further to the OEB Final Rate Order EB-2017-0039 effective May 1, 2018 and implemented October 1, 2018.

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

  EPLC's regulatory ROE achieved in 2023 was 4.50%, which falls outside of the +/-3% range of the deemed ROE of 9.00%. EPLC's regulatory average ROE is 6.16% for the five-year period from 2019 to 2023.

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 marked differently in the future.