

Scorecard - Wasaga Distribution 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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	99.98%	99.97%	99.91%	99.83%	99.66%	⬇	65.00%		
	Customer Satisfaction	First Contact Resolution	.045%	99.9	99.9	99.9	99.9				
		Billing Accuracy	99.97%	99.95%	99.98%	99.69%	99.99%	⬇	98.00%		
		Customer Satisfaction Survey Results	81.8	81%	81	81	81				
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	84.20%	84.20%	84.10%	84.10%	84.10%				
		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	1.39	2.86	1.23	0.48	0.66	⬇		1.32	
		Average Number of Times that Power to a Customer is Interrupted ²	0.61	2.39	0.63	0.46	0.73	⬇		1.09	
	Asset Management	Distribution System Plan Implementation Progress	Completed	Completed	Completed	Completed	Completed				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
		Total Cost per Customer ³	\$468	\$459	\$427	\$514	\$579				
		Total Cost per Km of Line ³	\$22,913	\$22,464	\$21,189	\$25,485	\$29,265				
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%						90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.53	1.70	1.11	1.05	1.34				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.29	0.40	0.39	0.55	0.67				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	7.14%	6.72%	10.70%	10.85%	8.20%			

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

- 2023 was a year of progress for Wasaga Distribution Inc. (WDI), characterized by significant accomplishments and continuing commitment to advancing our services and infrastructure.

One major milestone was the successful completion of WDI’s cost-of-service application. This included a comprehensive analysis to determine WDI’s revenue requirements, with the goal of allocating appropriate rates to each customer class. The application also encompassed an updated Distribution System Plan (DSP), in which WDI outlined its capital expenditure plan for the next 5 years. The application was ultimately approved and aligned WDI’s rates with its future goals of providing reliable and affordable electricity while maintaining and advancing its infrastructure.

WDI also had another strong year with respect to capital investments. Capital expenditures in 2023 were focused primarily on pole-line rebuilds and new developments. This ensured WDI focused on modernizing and enhancing existing infrastructure while also facilitating unprecedented growth within the Town of Wasaga Beach. WDI will continue to focus on strategic capital investments that underscore our commitment to delivering a reliable service while simultaneously supporting the expansion of our community.

Similar to prior years, addressing the challenge of aging infrastructure also remained a key priority in 2023. WDI recognizes the importance of ensuring the reliability and resilience of our distribution system in the face of external uncontrollable events, such as adverse weather conditions. Therefore, WDI continued to make substantial progress in its efforts to replace aging infrastructure, enhancing the overall stability of its distribution system.

Finally, WDI continues to prioritize customer needs and expectations. As part of its ongoing dedication to enhancing the customers’ experience, WDI implemented a new process that provides continuous updates via Facebook, regarding estimates on power restoration in the event of an outage. Looking ahead, we remain committed to investing in initiatives that enhance customer experience, promote environmental sustainability, and deliver reliable and cost-effective electricity.

Service Quality

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

In 2023, WDI connected 617 low voltage (connections under 750 volts) new residential and small business customers within the five-day timeline as prescribed by the Ontario Energy Board. This represents an increase of 56.20% in the number of connections over 2022. WDI considers “New Services Connected on Time” as an important form of customer engagement as it is the utility’s first opportunity to meet 2023 Scorecard MD&A and/or exceed new customers’ expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Consistent with 2022, in 2023 WDI connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure.

- **Scheduled Appointments Met On Time**

WDI scheduled 19 appointments in 2023 to connect services, disconnect services, or otherwise complete work requested by the customers. WDI considers “Scheduled Appointments Met” as an important form of customer engagement as customer preference is required for all types of appointments. While the number of scheduled appointments decreased 54.76% over the previous year, WDI met 100% of these appointments on time in 2023, which significantly exceeds the Ontario Energy Board’s mandated target of 90% for this measure. WDI expects this trend to continue into the foreseeable future.

- **Telephone Calls Answered On Time**

In 2023, WDI received 13,739 telephone calls from its customers. This represents a decrease of 3.12% in the number of calls over 2022. WDI considers “Telephone Calls” to be an important communication tool for identifying and responding to customers’ needs and preferences. Consistent with prior years, Customer Service Representatives answered 99.66% of these calls in 30 seconds or less, which exceeds the Ontario Energy Board mandated target of 65% for this measure. WDI expects to see this trend continue into the foreseeable future.

Customer Satisfaction

- **First Contact Resolution**

Historically, WDI defines First Contact Resolution as the number of customer inquiries that are not resolved by the first contact at the utility, resulting in the inquiry being escalated to an alternate contact at the utility, typically a senior staff member. For 2023, the First Contact Resolution was reported as the number of customer inquiries that are resolved the first time they contact the utility, not resulting in the enquiring being escalated to a supervisor or manager. This updated definition is consistent with industry reporting. WDI considers the ability to address customer inquiries quickly and accurately to be an essential component of customer satisfaction. For 2023 WDI received 13,739 inquiries from customers and 99.9% were successfully resolved during first contact.

- **Billing Accuracy**

Billing accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. WDI considers timely and accurate billing to be an essential component of customer satisfaction. For 2023, WDI achieved a billing accuracy of 99.99% which is within the Ontario Energy Board mandated target of 98%.

- **Customer Satisfaction Survey Results**

WDI completes a Customer Satisfaction Survey every two years. The last one occurred in 2023 and was conducted by Advanis. WDI attained a score of 81%. WDI will complete its next survey in 2025.

Safety

- **Public Safety**

Every two years, WDI also conducts an Electrical Safety Authority survey. The last one was completed in 2022 by Redhead Media Solutions Inc. This survey is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

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

This component gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. In 2022, WDI along with the other CHEC Utilities retained Redhead Media to perform a standardized survey utilized by all utilities. WDI received a survey result of 84.10% which was slightly above the CHEC survey average. WDI will continue to concentrate on education in future years in several areas, including customers requesting locates, overhead powerline safe distances and downed powerline safe distances.

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

Component B consists of a utility's compliance with Ontario Regulation 22/04 – Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Over the past five years, WDI was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by WDI's strong commitment to safety and adherence to company policy and procedures.

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

Component C consists of the number of serious electrical incidents, including fatalities, which occur in a utility's territory. In 2023, WDI had no fatalities or serious incidents within its' territory. This was achieved by WDI's strong commitment to safety and adherence to company policy and procedures.

System Reliability

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

The average number of hours that the power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. WDI views the reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. WDI also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. The Ontario Energy Board typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2023, WDI achieved 0.66 hours of interrupted power. This is slightly higher than the 0.48 hours of interrupted power achieved in 2022. This increase can be primarily attributed to weather events and car accidents.

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

The average number of times that power to a customer is interrupted is also a measure of system reliability and is also a high priority for WDI. As outlined above, the Ontario Energy Board typically requires a utility to keep this measure within a certain range of its historical performance and outside factors can also greatly impact this measure. WDI experienced interrupted power 0.73 times during 2023. This is a slight increase over 2022's value of 0.46. This increase can be primarily attributed to weather events and car accidents.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (DSP) outlines WDI's forecasted capital expenditures, over a five-year period, which are required to maintain and expand the utilities electrical system to serve its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess WDI's effectiveness at planning and implementing these capital expenditures. WDI defines this measure as the tracking of actual capital projects to planned capital projects, expressed as a percentage.

WDI's most recent DSP was approved in our 2024 cost-of-service filing. The plan was developed for the period covering 2024-2028 with an average annual net spending of \$3.70M.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its 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 2023, WDI placed in Cohort I, in terms of efficiency. Cohort I is considered excellent and is defined as having actual costs less than 25% of predicted costs. Overall, WDI's ranking was the same as last year

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of WDI's capital and operating costs and dividing this cost figure by the total number of customers that WDI serves. On average, WDI's total cost per customer has increased by \$22.20 per annum for the period 2019 – 2023. The total cost performance result for 2023 is \$579/customer which is an increase of 13% over its 2022 result. This increase was largely the result of increased capital investments and maintenance of infrastructure. Going forward, costs are expected to increase due to inflationary cost pressures along with further investment in infrastructure to support growth, electrification, and to maintain the reliability of the utility. WDI will keep pace with economic fluctuations to ensure manageable and sustainable growth.

- **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, WDI's rate is \$29,265 per km of line which is a 15% increase over its 2022 rate. WDI's growth rate for its territory is relatively high and as a result, the cost per km of line is expected to increase as capital and operating costs also increase. WDI continues to seek solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

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. In 2023, WDI did not connect to a net-metered generation facility within its territory.

Financial Ratios

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

As an indicator of financial health, a current ratio indicates a company's ability to pay its short-term debts and financial obligations. Typically, the 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. WDI's current ratio increased from 1.05 in 2022 to 1.34 in 2023. This ratio indicates that WDI is a financially healthy organization in the use of its current assets. WDI will strive to maintain a current ratio between 1 and 1.5 going forward.

- **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 (a debt-to-equity ratio of 60/40 or 1.5) 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 its capital. In 2023, WDI's debt-to-equity ratio was 0.67 (a change from 0.55 in 2022), which is lower than the ratio used for rate setting purposes by the Ontario Energy Board. WDI expects that its debt-to-equity ratio will increase over the next several years as Wasaga Distribution has significant capital needs.

- **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. WDI's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return of 9.19%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

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

WDI achieved a ROE of 8.20% in 2023, which is within the +/- 3% range allowed by the OEB.

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.