

# Scorecard - Welland Hydro-Electric System Corp.

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	94.82%	94.52%	99.68%	99.61%	95.53%	↑	90.00%		
		Scheduled Appointments Met On Time	93.16%	98.28%	97.88%	93.99%	94.88%	↓	90.00%		
		Telephone Calls Answered On Time	88.90%	86.15%	83.07%	77.88%	76.33%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	80	77	99.89%	99.81%	99.70%				
		Billing Accuracy	99.99%	99.99%	99.91%	99.88%	99.97%	↓	98.00%		
		Customer Satisfaction Survey Results	96	96	96%	98%	98%				
<b>Operational Effectiveness</b> 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%	83.00%	83.00%	83.00%				
		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	2	0	→		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.402	0.000	→		0.000	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	1.71	2.36	1.52	1.13	1.33	↓		1.78	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	2.41	2.02	1.35	1.14	1.08	↓		1.81	
	Asset Management	Distribution System Plan Implementation Progress	Completed	Completed	Completed	Completed	Completed				
	Cost Control	Efficiency Assessment	2	1	1	1	1				
		Total Cost per Customer <sup>3</sup>	\$512	\$494	\$494	\$518	\$561				
		Total Cost per Km of Line <sup>3</sup>	\$24,714	\$24,038	\$24,455	\$26,144	\$29,198				
<b>Public Policy Responsiveness</b> 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							90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.44	1.73	1.58	1.32	1.41				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.83	0.97	0.91	0.86	0.92				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.78%	8.78%	8.78%	8.78%	8.78%			
			Achieved	10.44%	9.36%	10.72%	11.71%	12.97%			

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

- The 2023 scorecard reflects another very successful year for Welland Hydro-Electric System Corp. (“WHESC”). The results reflect WHESC’s commitment to remaining a locally owned distribution company providing safe and reliable power at competitive rates through prudent planning of distribution system capital expenditures and cost management. WHESC continues to seek ways to meet the needs of its valued customers, employees, and shareholder.

## Service Quality

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

In 2023, WHESC connected 95.53% of eligible new low-voltage and small business customers to the distribution system within the five-day timeline as prescribed by the Ontario Energy Board (“OEB”).

- **Scheduled Appointments Met On Time**

A total of 761 appointments were scheduled with customers in 2023 with 94.88% completed on time – exceeding the industry target of 90%

- **Telephone Calls Answered On Time**

In 2023, contact center representatives answered 76.33% of 8,375 calls within 30 seconds or less, above the OEB mandated target of 65% for timely call response. WHESC customers also continued to use other forms of communication such as live chat, email and online software platforms which assist in processing move in and move out requests.

## Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution is a measure of a distributor's effectiveness at satisfactorily addressing customers' complaints. In years prior to 2021, WHESC used the customer satisfaction survey to determine this measure. Customers were asked about six aspects of their most recent experience with a representative from WHESC and the average was used as the first contact resolution indicator.

WHESC did not believe the survey depicted an accurate picture of its effectiveness at satisfactorily addressing customers' complaints and implemented a solution within the CIS in 2020 to address this. The First Contact Resolution is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives. Of the 8,375 calls received in 2023, only 25 of those calls required the attention of management. This means that 99.70% of the time, WHESC's customer service representatives can answer customer inquiries and resolve customer issues. WHESC believes this to be a better indicator of First Contact Resolution and has adjusted its RRR reporting accordingly.

- **Billing Accuracy**

WHESC issued 309,640 invoices during 2023 with a billing accuracy of 99.97%, exceeding the OEB Standard of 98%. WHESC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

WHESC engaged a third party to conduct a Customer Satisfaction Survey in December 2022 and the results have been reflected in the 2023 scorecard. WHESC received an overall score of 98% of customers who are "very or fairly" satisfied with WHESC, which is an improvement from the previous survey (96%), and compares favorably with the Ontario average of customers who are "very or fairly" satisfied with their local utility (90%).

## Safety

- **Public Safety**

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

WHESC completed its fifth Public Awareness of Electrical Safety in the first quarter of 2024. The results indicate that a significant number of customers/contractors (83%) have a good knowledge or have received some information pertaining to the six core measurement questions. WHESC joined a group of LDC's in 2017 to begin the development of a web based public messaging program to increase public awareness in the six core areas.

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

The metric measuring Ontario Regulation 22/04 (the 'Regulation') assesses an LDC's compliance with the ESA's standard for safety performance based on requirements for the design, construction, and maintenance of Electrical Distribution Systems. WHESC was independently audited and found to be in compliance with the Regulation. The audit consisted of a review of the Declaration of Compliance, Due Diligence inspections, Public Safety Concerns and Compliance Investigations.

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

WHESC has had no serious electrical incidents resulting in death or critical injury over the past five years.

## System Reliability

System Reliability is a key component of the OEB's Renewed Regulatory Framework. Distributors are required to measure system reliability indices with a goal toward continuous improvements. The two metrics used to track individual distributor's system reliability performance are Customer Power Outage Duration and Customer Power Outage Frequency. The scorecard shows the distributor's performance over a five-year period. All distributors have a potential exposure to significant year over year volatility experienced due to major weather events. As weather impacts become more prevalent, they will continue to influence year over year volatility.

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

Recovering from power outages as quickly as possible is valued by Customers. System Average Interruption Duration Index (SAIDI) is the formula used to measure the average number of hours that power to a customer is interrupted. SAIDI is equal to the sum of all

Interruption Durations / Average number of Customers served. The values for SAIDI (indicated as both excluding and including Major Events) for the previous five-year period are as follows:

Year	SAIDI (excluding Major Events)	SAIDI (including Major Events)
2018	1.46	1.46
2019	1.71	1.71
2020	2.36	2.36
2021	1.52	1.52
2022	1.13	1.13
<b>5 Year Average</b>	<b>1.6</b>	<b>1.6</b>
2023	1.33	1.33

In 2023, WHESC did not have an outage occurrence that met both the calculated threshold (using the IEEE Standard 1366 approach) and the definition of a Major Event.

The SAIDI value of 1.33 for 2023 is below the target of 1.78 and below the previous five-year average of 1.6. A cyclical vegetation control program along with asset renewal and grid automation investments continue to maintain SAIDI below WHESC's internal target.

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

System Average Interruption Frequency Index (SAIFI) is equal to the Total number of Customer Interruptions experienced by all Customers/Average number of Customers served.

The value for SAIFI (indicated as both excluding and including Major Events) for the historical five-year period are as follows:

Year	SAIFI (excluding Major Events)	SAIFI (including Major Events)
2018	1.7	1.7
2019	2.41	2.41
2020	2.02	2.02
2021	1.35	1.35
2022	1.14	1.14
<b>5 Year Average</b>	<b>1.7</b>	<b>1.7</b>
2023	1.08	1.08

In 2023 SAIFI was below the target of 1.81 and below the previous five-year average of 1.7. Indices are reviewed regularly including the 5-year rolling average reported on the scorecard to identify negative trends in feeder performance. Ratepayer and utility affordability are balanced with distribution system risk when determining investments aimed at improving reliability.

## Asset Management

- **Distribution System Plan Implementation Progress**

WHESC has updated its Distribution System Plan (“DSP”) to forecast capital spending through 2029. WHESC will submit this formal DSP with its Cost of Service filing in August 2024.

## Cost Control

- **Efficiency Assessment**

Total Costs for Ontario’s distribution companies (“LDCs”) are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. LDCs are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

WHESC’s 2023 Efficiency Assessment of 35.7% below predicted cost reflects a commitment to finding continuous improvements in all areas. WHESC continues to be placed in Group 1, where a Group 1 distributor is defined as a distributor with actual costs more than 25% below predicted costs on average over three years and is considered to be the most efficient.

- **Total Cost per Customer**

Cost per customer is calculated as the sum of Capital and Operating related costs divided by the Total Customers. Total Cost per Customer was \$561 in 2023. Since 2019, Total Cost per Customer increases have been managed below inflation over the period, reflecting WHESC’s commitment to providing a cost-effective service to its customers.

- **Total Cost per Km of Line**

This measure divides Total Costs by the Total km of both overhead lines and underground cables maintained by a distributor. Since 2019, Cost per km of line has increased 18% over a four-year period. A factor in this measure is the impact of WHESC’s rebuild and voltage conversion efforts on total circuit km’s of line. In some cases, a rebuild/conversion project results in the elimination of circuit(s), placing downward pressure on total circuit kilometers.

## Connection of Renewable Generation

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

WHESC did not connect any new micro-embedded generation facilities 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. WHESC has consistently had a current ratio greater than 1. The majority of current assets are related to receivables and unbilled revenues, whereas current liabilities are mostly related to amounts owed to the IESO for power purchased. WHESC's ratio for 2023 was 1.41.

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

The OEB has set a deemed capital structure of 60% debt and 40% equity for LDC's in Ontario. This deemed structure assumes 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. WHESC's 2023 leverage ratio of 0.92 indicates that it is currently operating with less actual debt than deemed debt.

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

WHESC's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return of 8.78%. 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 by the OEB.

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

WHESC's achieved return in 2023 was 12.97% which is above its deemed rate of return of 8.78% and outside the +/- 3% allowed by the OEB. In 2023 WHESC exceeded the +3% deadband due to stronger than normal growth and unanticipated FTE losses. Prior to 2023, WHESC's achieved ROE was within +/- deadband. WHESC views the conditions experienced in 2023 to be anomalous, specifically in relation growth.

## 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.