

Scorecard - Newmarket-Tay Power Distribution Ltd.

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%	98.12%	96.28%	95.32%	97.45%		90.00%		
		Scheduled Appointments Met On Time	99.90%	98.87%	98.71%	96.37%	96.85%		90.00%		
		Telephone Calls Answered On Time	68.58%	73.64%	54.76%	47.21%	77.03%		65.00%		
	Customer Satisfaction	First Contact Resolution	97.7	99.6%	100	100	100				
		Billing Accuracy	79.61%	99.94%	99.73%	99.84%	99.94%		98.00%		
		Customer Satisfaction Survey Results	96	96%	84	84	86				
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%	83.00%	77.00%	77.00%				
		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	0.78	0.98	0.63	1.56	1.39			0.56	
		Average Number of Times that Power to a Customer is Interrupted ²	0.70	0.53	0.53	0.68	0.88			0.63	
	Asset Management	Distribution System Plan Implementation Progress	64	88%	103.97	117.02	174.44				
	Cost Control	Efficiency Assessment	3	2	2	2	2				
		Total Cost per Customer ³	\$678	\$644	\$649	\$705	\$783				
		Total Cost per Km of Line ³	\$28,984	\$27,641	\$28,216	\$30,740	\$34,829				
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%	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)	1.37	1.38	1.42	1.09	0.96				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.19	1.12	1.24	1.05	1.23				
	Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.66%	9.51%	9.51%	9.51%				
		Achieved	6.94%	6.33%	9.51%	7.29%	7.60%				

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:

https://www.oeb.ca/sites/default/files/uploads/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In September 2018, Newmarket-Tay Power Distribution Limited (NT Power) amalgamated with the former Midland Power Utility Corporation. The results contained within this scorecard reflect the consolidated operations of both former entities. NT Power provides electricity service to approximately 45,000 customers, covering over 94 square kilometers spanning the communities of the Town of Newmarket, Township of Tay, and Town of Midland.

Overall, NT Power’s 2023 scorecard results demonstrate its continued strong performance across each category, including the following highlights:

- NT Power’s focus on customer needs, as evidenced through the service quality and customer satisfaction metrics that exceed OEB targets. NT Power’s commitment to continuous improvement in service quality is evident in the significant improvement made in relation to Calls Answered on Time.
- Safety is of the utmost importance at NT Power. NT Power remains compliant with Ontario Regulation 22/04 and has no serious electrical incidents over the last five years, as shown in its 2023 scorecard.
- While reliability metrics were below the OEB’s distributor target in 2023, the frequency and duration of NT Power’s outages remains well below industry averages. NT Power’s continued implementation of its Distribution System Plan in 2023 is expected to move reliability measures in a favourable direction moving forward.
- While inflationary pressures and increased capital work increased per customer and per kilometer unit costs in 2023, NT Power has maintained its above-average cost efficiency ranking.
- NT Power maintained reasonable financial ratios as at the end of 2023, while earning regulatory returns in 2023 within the OEB’s +/- 3% threshold, relative to approved values.

Management is pleased to share its scorecard results and the following discussion and analysis with all interested stakeholders.

Service Quality

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

97.45% of new service customers were connected within the five-day timeframe requirement. This is NT Power's 13th consecutive year achieving over 95%, exceeding the OEB target of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources are in place to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

NT Power met 96.85% of its scheduled appointments on time in 2023, exceeding OEB industry target of 90% for the 13th consecutive year.

- **Telephone Calls Answered On Time**

NT Power made great improvements in 2023 with this service quality requirement. With strong resources in place, NT Power answered 77% of qualified calls within 30 seconds, which exceeds the OEB target of 65%. NT Power is focused in 2024 to further improve this performance measurement and ensure the best service for its customers. This will be achieved through customer engagement and education initiatives to reduce call volume and response time. NT Power continues daily monitoring of call volumes to best support its customers' needs.

Customer Satisfaction

- **First Contact Resolution**

NT Power is focused on the highest level of service for its customers and their needs. NT Power is constantly looking for ways to improve to best support its customers. First Contact Resolution was met 100% of the time in 2024.

- **Billing Accuracy**

In 2023, NT Power achieved a 99.94% accuracy rate in issuing customer bills, surpassing the OEB's target of 98%. This success is attributed to NT Power's pre-billing internal audit process, which helps ensure billing accuracy. NT Power remains committed to continuously improving its billing processes through initiatives like these.

- **Customer Satisfaction Survey Results**

Partnering with a third party, NT Power completed a Customer Satisfaction Survey in 2023. From the survey results, NT Power has been able to identify areas of success and improvement. The Customer Satisfaction Survey resulted in a customer satisfaction score of 86%. NT Power will continue to use the results and valued feedback from the survey when planning to target areas that are most important to its customers. The survey questions ranged from overall satisfaction to reliability, billing and customer service. NT Power gained customer opinions through the survey which highlighted the importance of supporting low-income customers, safety awareness education, and reducing response time to outages. All these items are included in NT Power's current goals and plans for 2024 and future years.

Safety

- **Public Safety**

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

A survey was conducted to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

A third-party agent was engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents of the general public located in Newmarket, Midland and Tay service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power scored 77% on the OEB's Public Safety Awareness Index Score with results indicating that a majority of the public have a good awareness of key public electrical safety issues.

NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

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

In 2023, NT Power achieved full compliance with Ontario Regulation 22/04 (“O.Reg.22/04”). 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. An audit is performed to determine the status of compliance (Non-Compliant (N/C), Needs Improvement (N/I), or Compliant (C)).

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

No public serious electricity incidents occurred during the year.

System Reliability

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

In 2023, the average number of hours that an NT Power customer was interrupted, or its System Average Interruption Duration Index (SAIDI), was 1.39. NT Power did not meet the OEB’s distributor target of 0.56, however, this achieved result was still significantly better than the recent industry average for this measure¹.

Approximately 54% of the customer interruptions hours were related to four large-scale outages, three of which were due to foreign interference (vehicle accidents and customer equipment failure). Due to the nature and timing of the outages, it took longer than average for crews to identify and/or resolve these incidents. When excluding these events, Loss of Supply and Major Event Days, SAIDI was 0.645, which is 15% higher than the distributor target.²

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

In 2023, the average number of times power to NT Power customers was interrupted, or its System Average Interruption Frequency Index (SAIFI) was 0.88. NT Power did not meet the OEB’s distributor target of 0.63, however, this achieved result is still significantly better than the recent industry average for this measure.

¹ The average for 2020 to 2022 was 2.632, as calculated from the OEB’s annual Electricity Distributor Yearbook

² The average for 2020 to 2022 was 1.507, as calculated from the OEB’s annual Electricity Distributor Yearbook

Similar to customer interruption hours, approximately 49% of the customer interruptions in 2023 were related to the four large-scale outages. When excluding these events, Loss of Supply and Major Event Days, the SAIFI measure was 0.45, which is 28% lower than the distributor target.

Asset Management

- **Distribution System Plan Implementation Progress**

NT Power measures its performance in Distribution System Plan (“DSP”) Implementation Progress as the ratio of actual total capital expenditures made in a calendar year over the total amount of DSP planned capital expenditures for that calendar year. For 2023, NT Power implemented approximately 174% of its planned DSP capital expenditure. The variance between actual and planned expenditures in 2023 can be attributed, in part, to the rise in material costs, as well as to delays encountered during the COVID-19 pandemic in prior years, which resulted in deferred expenditures from those periods being made in 2023. Furthermore, there was an increased number of large system access customer additions in 2023 that was not originally forecasted in the 2020-2024 DSP.

Cost Control

- **Efficiency Assessment**

On an annual basis, the cost-efficiency of each Ontario local distribution company is assessed by an independent organization, on behalf of the OEB. Based on the differential between their actual and anticipated costs (calculated by econometric modelling) over the previous three-year average, each distributor is assigned a ranking, placing them into one of five cohort groups (Group 1 being the most cost efficient).

For 2023, NT Power has maintained its ranking in Group 2 in terms of cost-efficiency, representing that the company has performed above average in this regard.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of the NT Power’s capital and operating costs divided by the total number of customers that NT Power serves. In 2023, NT Power’s total cost per customer was \$783 (2022 – \$705), an increase of 11% over the prior year, largely attributable to inflationary pressures and increased spending on capital work that have not been offset by proportional customer growth in NT Power’s service territory.

- **Total Cost per Km of Line**

Total cost per kilometer of line is calculated as the sum of the NT Power's capital and operating costs divided by the circuit-kilometers of powerlines that NT Power operates. In 2023, NT Power's cost per kilometer of line was \$34,829 (2022 – \$30,740), an increase of 13% over the prior year. Similar to the increase in cost per customer, this change is largely attributable to inflationary pressures and increased capital work experienced in 2023.

Connection of Renewable Generation

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

In 2023, NT Power connected nine new micro-embedded generation facilities on time, which represented 100% of new micro-embedded generation facilities.

Financial Ratios

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

The current ratio is an indicator of financial health, with a ratio greater than one indicating that the company is in an acceptable position to pay its short-term debts and financial obligations. The higher the value, the more liquid the company is, operating with a larger margin of safety to cover its short-term debts and financial obligations.

NT Power's 2023 current ratio was 0.96 (2022 – 1.09). The decrease in this ratio from 2022 was primarily attributable to a decrease in the company's cash balance (bank indebtedness) at the end of 2023, driven in part by increased capital expenditures made during the year. NT Power maintains a strong liquidity position with respect to meeting its short-term obligations.

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

The total debt-to-equity ratio is an indicator of a company's financial leverage. The OEB applies a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital structure is equal to a debt-to-equity ratio of 1.5 (60/40).

In 2023, NT Power maintained a total debt to equity ratio of 1.23 (2022 – 1.05), below the OEB-deemed ratio of 1.5. NT Power

manages its optimal capital structure on an ongoing basis, ensuring it has financing resources in place to meet its current and future capital investment needs.

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

The OEB approves NT Power's distribution rates and allows for a deemed regulated return on equity. NT Power's approved deemed regulated return on equity is 9.51%. If a distributor's achieved regulatory return on equity falls outside of a +/- 3% range, a regulatory review of the distributor's revenue and cost structure may be triggered.

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

NT Power's achieved regulatory return on equity for 2023 was 7.60% (2022 – 7.29%), which falls within the OEB's +/- 3% range relative to NT Power's deemed return on equity of 9.51%.

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.