

# Scorecard - Wasaga Distribution Inc.

8/9/2023

Performance Outcomes		Performance Categories	Measures	2018	2019	2020	2021	2022	Trend	Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	<b>Service Quality</b>	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		99.99%	99.98%	99.97%	99.91%	99.83%	⬇	65.00%		
	<b>Customer Satisfaction</b>	First Contact Resolution		0.128	.045%	99.9	99.9	99.9				
		Billing Accuracy		99.92%	99.97%	99.95%	99.98%	99.69%	⬇	98.00%		
		Customer Satisfaction Survey Results		81.6	81.8	81%	81	81				
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	<b>Safety</b>	Level of Public Awareness		85.60%	84.20%	84.20%	84.10%	84.10%				
		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	0	0	➡		0
			Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	➡		0.000
	<b>System Reliability</b>	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>		0.78	1.39	2.86	1.23	0.48	⬇		1.32	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>		0.62	0.61	2.39	0.63	0.46	⬇		1.09	
	<b>Asset Management</b>	Distribution System Plan Implementation Progress		Completed	Completed	Completed	Completed	Completed				
	<b>Cost Control</b>	Efficiency Assessment		1	1	1	1	1				
		Total Cost per Customer <sup>3</sup>		\$435	\$468	\$459	\$427	\$514				
		Total Cost per Km of Line <sup>3</sup>		\$21,430	\$22,913	\$22,464	\$21,189	\$25,485				
<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).	<b>Connection of Renewable Generation</b>	Renewable Generation Connection Impact Assessments Completed On Time <sup>4</sup>				100.00%						
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%				↔	90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	<b>Financial Ratios</b>	Liquidity: Current Ratio (Current Assets/Current Liabilities)		2.89	1.53	1.70	1.11	1.05				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.30	0.29	0.40	0.39	0.55				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved		9.38%	7.14%	6.72%	10.70%	10.85%			

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.  
 4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

**Legend:**

5-year trend  
 ⬆ up ⬇ down ↔ flat

Current year  
 ● target met ● target not met

# 2022 Scorecard Management Discussion and Analysis (“2022 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 2022 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

## Scorecard MD&A - General Overview

- 2022 was an exciting and transformative year for Wasaga Distribution Inc. (WDI), marked by significant achievements and steadfast commitment to enhancing our services and infrastructure.

Addressing the challenge of aging infrastructure remained a key priority in 2022. We recognize the importance of ensuring the reliability and resilience of our distribution system in the face of external uncontrollable events, such as adverse weather conditions. Throughout the year, we made substantial progress in our efforts to replace aging infrastructure, enhancing the overall stability of our utility network.

WDI recognizes that our employees are the driving force behind our success. In 2022, we made strategic investments in our workforce, hiring new engineering and finance staff to further enhance our already talented team. The skilled professionals brought fresh perspectives and expertise, contributing to the continued growth and improvement of our operations.

Throughout 2022, WDI set a new milestone with record-breaking capital investments. These investments were directed toward enhancing our infrastructure and modernizing our systems and technologies. One of the highlights of the year was the successful completion of a new sub-station. This undertaking expanded our operational capacity, ensuring that we can meet the increasing demand for electricity while maintaining the high standard of reliability that our customers expect from us.

Our customers remain at the core of everything we do, and we continue to prioritize their needs and expectations. As part of our ongoing dedication to enhancing our customers’ experience, we took significant strides in improving our communication channels through the implementation of a new website that provides user-friendly interfaces, comprehensive information and easy to use tools. 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 2022, WDI connected 395 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 33.40% in the number of connections over 2021. WDI considers “New Services Connected on Time” as an important form of customer engagement as it is the utility’s first opportunity to meet 2022 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 2021, in 2022 WDI connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. WDI expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met On Time**

WDI scheduled 42 appointments in 2022 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 6.67% over the previous year, WDI met 100% of these appointments on time in 2022, 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 2022, WDI received 14,181 telephone calls from its customers. This represents a decrease of 17.14% in the number of calls over 2021. 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 99.83% of these calls in 30 seconds or less, which significantly 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**

First Contact Resolution is a scorecard measure that was first introduced for tracking by utilities in 2014. The Ontario Energy Board has not yet issued a common definition for this measure. As a result, this measure may differ from other utilities in the province. 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 2022, 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 2022 WDI received 14,181 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 2022, WDI achieved a billing accuracy of 99.69% which is within the Ontario Energy Board mandated target of 98%.

- **Customer Satisfaction Survey Results**

As with First Contact Resolution and Billing Accuracy, this Customer Satisfaction Survey Results were first tracked in 2014. The Ontario Energy Board has not yet issued a common definition for this measure. As a result, this measure may differ from other utilities in the province. The Customer Satisfaction Survey is completed every two years, the last one occurring in 2021, which WDI attained a score of 81%. WDI will complete its next survey in 2023.

## Safety

- **Public Safety**

The Public Safety measure is generated by the Electrical Safety Authority and 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**

The component gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey also 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 2022, 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 2022, WDI achieved 0.48 hours of interrupted power. This is an improvement in performance over 2021 (1.23).

- **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 0.46 times during 2022. This is an improvement in performance over 2021 of 0.63. The weather events commented on above in “Average Number of Hours that Power to a Customer is Interrupted” were also major contributors to this outcome.

## Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan 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. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the province. WDI defines this measure as the tracking of actual capital projects to planned capital projects, expressed as a percentage. In 2015, WDI successfully completed the Distribution System Plan as part of its’ 2016 Rate Application. The plan was developed for the period covering 2016-2020 with an average annual spend of \$1.23m. WDI's focus was to provide the resources needed to support infrastructure growth and capital renewal projects to continue to ensure a safe and reliable system. WDI is currently in the process of developing a new DSP, however, no quantitative forecasts or estimates are available. WDI continues to experience increased development in Wasaga Beach with a new gaming facility, several large subdivisions, and a new Substation. In 2022, additional resources were added and will continue to be added in the coming years to replace and repair aged and falling infrastructure.

## 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 2022, 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, our ranking was the same as last year and our goal is to remain in Cohort I.

- **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 \$19.75 per annum for the period 2018 – 2022. The total cost performance result for 2022 is \$514/customer which is an increase of 20% over its 2021 result. This increase was largely the result of increased investments in infrastructure, including the completion of a new sub-station. Going forward, costs are expected to increase due to inflationary cost pressures along with further investment in infrastructure to support growth and 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 \$25,485 per km of line which is a 20% increase over its 2021 rate. WDI's growth rate for its territory is relatively high. In addition, WDI faces supply chain issues and rising inflation. As a result, the cost per km of line is expected to increase as capital and operating costs also increase. As we progress into the future, WDI will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving the completed application. WDI has developed and implemented an internal procedure to ensure compliance with this regulation. In 2022, WDI did not have any Connection Impact Assessments requested, therefore; no CIAs were done in 2022.

- **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 2022, 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 decreased from 1.11 in 2021 to 1.05 in 2022. 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 the increased profits that may be had through increased financial debt. In 2022, WDI's debt-to-equity ratio was 0.55 (a change from 0.39 in 2021), 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 change over the next several years as Wasaga Distribution delivers on our capital investment program.

- **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. If a utility 2022 Scorecard MD&A performs outside this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

WDI achieved a ROE of 10.85% in 2022, which is within the +/- 3% range allowed by the OEB (see above paragraph).

## 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 several 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.