

Scorecard - Wasaga Distribution Inc.

8/17/2022

Performance Outcomes	Performance Categories	Measures	2017	2018	2019	2020	2021	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	99.99%	99.99%	99.98%	99.97%	99.91%	⬇️	65.00%		
	Customer Satisfaction	First Contact Resolution	.0438	0.128	.045%	99.9	99.9				
		Billing Accuracy	99.88%	99.92%	99.97%	99.95%	99.98%	⬆️	98.00%		
		Customer Satisfaction Survey Results	82.2	81.6	81.8	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	85.60%	85.60%	84.20%	84.20%	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	0.45	0.78	1.39	2.86	1.23	⬆️		1.32	
		Average Number of Times that Power to a Customer is Interrupted ²	0.46	0.62	0.61	2.39	0.63	⬆️		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	\$425	\$435	\$468	\$459	\$427				
		Total Cost per Km of Line ³	\$20,770	\$21,430	\$22,913	\$22,464	\$21,189				
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	Renewable Generation Connection Impact Assessments Completed On Time ⁴				100.00%					
		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)	2.15	2.89	1.53	1.70	1.11				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.31	0.30	0.29	0.40	0.39				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	8.88%	9.38%	7.14%	6.72%	10.70%			

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

2021 Scorecard Management Discussion and Analysis (“2021 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 2021 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

- 2021 was a year of challenges and opportunities for Wasaga Distribution Inc. (WDI). The COVID-19 pandemic continued to have significant impacts on our community. WDI experienced delays in some of the major development and capital projects that were expected to be undertaken in 2021. Aging infrastructure continues to be a challenge facing our utility today. WDI continues to replace aging infrastructure and vegetation control continues to be a primary focus for WDI to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather.

WDI continues to focus on you, the customer. WDI continues to ensure we are aware of your needs and that you are receiving the best value for your money. WDI remains committed to providing its customers with the most reliable service at the least possible cost. WDI thanks its customers for their strong commitment to the utility in 2021. WDI will continue its efforts to improve overall scorecard performance results compared to prior years. This performance improvement is expected because of continued investment in both our infrastructure and in response to your needs.

Service Quality

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

In 2021, WDI connected 296 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 18.4% in the number of connections over 2020. WDI considers “New Services Connected on Time” as an important form of customer engagement as it is the utility’s first opportunity to meet 2021 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 2020, 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 45 appointments in 2020 to connect services, disconnect services, or otherwise complete work requested by the customers. This represents an increase of 9.75% over 2020. WDI considers “Scheduled Appointments Met” as an important form of customer engagement as customer preference is required for all types of appointments. WDI met 100% of these appointments on time in 2021, 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 2021, WDI received 17,114 telephone calls from its customers. This represents a decrease of 18.22% in the number of calls over 2020. 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 99.91% 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 2021, 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 2021 WDI received 17,114 inquiries from customers and 99.9% were successfully resolved during first contact. In other words, 2 customer calls went to a supervisor or manager. WDI expects this trend to continue.

- **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 2021, WDI achieved a billing accuracy of 99.95% 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. In 2020, WDI partnered with RedHead Media to complete the Customer Satisfaction Survey in accordance with the survey implementation requirements of the Electricity Distributors Association (EDA) and the Innovative Customer Satisfaction Scorecard. WDI received a score of 81%, which was above the average of all LDC’s that participated in the survey. WDI will complete another survey in 2022.

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 2020, WDI along with the other CHEC utilities retained Redhead to perform a standardized survey utilized by all utilities in the 2020 Scorecard MD&A. WDI received a survey result of 84.1% 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 the 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 2021, WDI had no fatalities or serious incidents within its’ territory. This was achieved by WDI’s strong commitment to safety and the 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 view’s 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 2021, WDI achieved 1.23 hours of interrupted power. This is an improvement in performance over 2020 (2.86). 80% of the interrupted power can be contributed to unforeseen, adverse weather-related events.

- **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 0.63 times during 2021. This is an improvement in performance over 2020 of 2.39. 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 spent \$1.7m in 2020. 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 and will continue to see more development with a new gaming facility, several large subdivisions, and a new Substation. In 2021, 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 2021, 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. Like most distributors in the province, WDI experienced increases in the total costs required to deliver quality and reliable services to its customers. Province-wide programs such as Time of Use pricing, customer choice, growth in wage and benefit costs, and the replacement and growth of the distribution system, have all contributed to increases in operating and capital costs. The total cost performance result for 2021 is \$498/customer which is an increase of 8% over its 2020 result. On average, WDI's total cost per customer has increased by \$21 per annum for the period 2018 – 2021. Going forward, utility costs are expected to keep pace with economic fluctuations; however, WDI will continue to implement productivity and efficiency improvements to help offset some of the costs associated with distribution system enhancements and replacement programs, while maintaining the reliability and quality of its distribution system.

- **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 \$24,604 per km of line which is a 9% increase over its 2020 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 2021, WDI did not have any Connection Impact Assessments requested, therefore; no CIA's were done in 2021.

- **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 2021, WDI connected 1 net-metered generation facility within its territory. This was connected within the prescribed timeframe of five business days, and therefore 100% of connections were made in the prescribed timeframe, which significantly exceeds the Ontario Energy Board mandated target of 90% for this measure. WDI works closely with its customers and their contractors to ensure that the customer's needs are met and/or exceeded.

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, a 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 1.70 in 2020 to 1.10 in 2021. 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 2021, WDI's debt-to-equity ratio was 0.38 (a change from 0.40 in 2020), 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 2021 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 10.70% in 2021, which is within the +/- 3% range allowed by the OEB (see above paragraph).

Note to Readers of 2021 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.