

Scorecard - Centre Wellington Hydro Ltd.

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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	100.00%	99.69%	100.00%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	98.16%	69.90%	90.92%	94.23%	96.12%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution	99.88%	99.43%	99.03%	99.26%	99.31%				
		Billing Accuracy	99.97%	99.88%	99.96%	99.90%	99.83%	⬇	98.00%		
		Customer Satisfaction Survey Results	79.90	81%	81	79%	79%				
<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	85.70%	85.70%	83.70%	83.70%	83.90%				
		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
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.45	0.27	0.26	0.21	0.07	⬇		0.30	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.48	0.20	0.22	0.20	0.08	⬇		0.36	
	Asset Management	Distribution System Plan Implementation Progress	85	73%	70	76%	88%				
	Cost Control	Efficiency Assessment	3	3	3	2	2				
		Total Cost per Customer <sup>3</sup>	\$731	\$675	\$660	\$715	\$779				
		Total Cost per Km of Line <sup>3</sup>	\$32,898	\$30,739	\$30,457	\$33,310	\$36,511				
<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)	1.28	1.42	1.49	1.53	1.58				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.98	0.93	0.86	0.80	0.73				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.00%	9.00%	9.00%	9.00%			
			Achieved	5.19%	7.86%	9.84%	9.33%	11.42%			

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

Centre Wellington Hydro’s (CWH) 2023 scorecard results and performance remain high. Our commitment to our customers continues to result in high Service Quality and Customer Satisfaction scores that far exceed targets. Public and employee safety is of the highest priority at CWH. There have been no serious electrical incidents over the last five years and CWH is compliant with Ontario Regulation 22/04. CWH customers enjoy and can count on System Reliability that keeps outage frequency and duration to a minimum and much lower than the provincial average, which is proven by our scorecard results. This reflects how CWH effectively manages its distribution system and maintains and replaces assets appropriately. CWH comfortably retained being in the second tranche for efficiency within the Cost Control Section. This represents CWH’s average actual expenditure over the previous 3-years being greater than 10% below the calculated predicted costs. The Total Cost per Customer and per km of line increased in 2023; this was anticipated as the increase in CWH’s customer base and kilometer of line have not grown in the same proportion as the expenditures of capital or operations, maintenance and administration. CWH’s financial position is sound and detailed explanations can be found below under the Financial Ratios section.

We encourage our customers to read through the following MD&A to understand CWH’s performance and to contact us for clarification and/or feedback.

## Service Quality

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

In 2023, CWH connected 128 low-voltage (connections under 750 volts) residential and small business customers (either new connections or upgraded connections). CWH considers “New Services Connected on Time” as an important form of customer engagement as it is the utility’s first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Consistent with prior years, CWH connected 100% of these customers on time, which exceeds the Ontario Energy Board’s mandated target of 90% for this measure. CWH expects this trend to continue into the foreseeable future.

- **Scheduled Appointments Met on Time**

In 2023, CWH had 254 appointments scheduled with a customer/representative to connect services, disconnect services, or otherwise complete work requested by CWH’s customers. CWH considers “Scheduled Appointments Met” as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, CWH met 100% of these appointments on time and exceeded the Ontario Energy Board’s mandated target of 90% for this measure.

- **Telephone Calls Answered on Time**

In 2023, CWH had 4,305 qualified incoming calls. CWH considers “Telephone Calls” to be an important communication tool for identifying and responding to its customers’ needs and preferences. CWH’s target for Telephone Accessibility was met in 2023 with 96.12% of qualifying calls being answered within 30 seconds.

## Customer Satisfaction

- **First Contact Resolution**

CWH measures First Contact Resolution as the number of customer enquiries that are resolved by the first contact at the utility. This includes all customer enquiries that are made to a CSR whether by telephone, letter, e-mail, or in person.

CSRs log calls for all types of contact with a customer, namely telephone calls, walk ins, emails or letters. Sometimes a CSR is unable to address a customer’s concern on initial contact, and further investigation is required. In this case, if the CSR needs to call or email the customer back, they mark the logged call as “unresolved first contact” to be tracked as a returned call/email. Of the 4,305 calls received, 29 were tagged as “unresolved first contact.” This gave CWH a 99.31% measure for First Contact Resolution.

- **Billing Accuracy**

Billing Accuracy was introduced by the Ontario Energy Board (OEB) late in 2014. It is defined as *the number of accurate bills issued expressed as a percentage of total bills issued*. The OEB approved standard has been set as 98% of bills must be accurate.

CWH considers timely and accurate billing to be an essential component of customer satisfaction. CWH has checks and measures in place to monitor the accuracy of the bills. CWH produced a total of 90,530 bills in 2023 and had a total of 155 inaccurate bills for the year which gave us a Billing Accuracy Measure of 99.83%. Customers affected by the inaccurate bills received a revised and corrected bill.

- **Customer Satisfaction Survey Results**

In Q1 of 2023, CWH used Advanis to perform a Customer Satisfaction Survey that is completed once every 2 years. This statistically sound survey gathered customers’ responses in several key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. This survey is a useful tool for engaging the customer and receiving a better understanding of their wants and needs with respect to the provision of electricity services, and for identifying areas that may require improvement. CWH’s overall satisfaction score as reported on the scorecard is 79%.

## Safety

- **Public Safety**

Public Safety is a scorecard measure introduced in 2014 by the Ontario Energy Board. 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**

*Component A* consists of a survey that 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 and identifies gaps where additional education and awareness efforts may be required. CWH's score was 83.90% in the most recent survey completed in Q1 of 2024.

- **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. CWH was Compliant with Ontario Regulation 22/04 in the 2023 calendar year.

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

*Component C* consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. In 2023, CWH had zero (0) fatalities and zero (0) serious incidents within its territory, which translates to a rate of zero (0) incidents per 1,000 km of line for 2023 and is consistent with historical years.

## System Reliability

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

The average number of hours that power to a customer is interrupted is a measure of system reliability and the ability of a system to perform its required function, as well as an LDC's ability to respond and restore power after an outage has occurred. It is apparent through customer engagement that CWH customers place system reliability as a high priority and as such CWH prioritizes proactive maintenance and capital replacement programs to its distribution system to ensure its level of reliability is maintained. For 2023, CWH's average number of hours that power to a customer was interrupted was 0.07, which is below CWH's target of 0.30, CWH's average number of outages continues to be lower than the provincial average.

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

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for CWH. As outlined above, the Ontario Energy Board requires a utility to track this measure within the range of its historical performance over a 5-year span. CWH customers experienced interrupted power 0.08 times during 2023, which is below CWH's range/distributor target of 0.36. CWH's average number of interruptions in a year continues to be below the provincial average.

## Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (DSP) implementation progress was instituted by the Ontario Energy Board beginning in 2013. The DSP outlines forecasted capital expenditures over five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess CWH'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.

In 2017, CWH filed a Distribution System Plan with their Cost of Service, which spanned the period from 2018 to 2022. With the previous DSP not including 2023, CWH used the CWH approved capital projects to determine this metric. Based on the CWH Board approved budget there were 16 capital jobs planned for 2023. CWH completed 14 of these jobs. This calculates to an Asset Management (Distribution System Plan Implementation Progress) rate of 87.5% (14/16). Of the projects not completed; 1 was for the purchase of a truck that CWH ordered in 2022 and is anticipated being delivered in Q4 of 2024; and the second job was for Mill St in Elora, the project was started in 2023 and was recorded as work-in-progress. The Mill Street job has already been completed in 2024.

## 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, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. For 2023, CWH remained in Group 2 in terms of efficiency. Group 2 is defined as having the average costs of the previous 3 historical years greater than 10% below predicted costs. CWH's actual costs were 13.88% lower than the predicted costs, for the period of 2021 to 2023.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of CWH's capital and operating costs, including econometric benchmarking analysis conducted by a third-party and contracted by the OEB, divided by CWH's total number of customers. Generally, most distributors in the province including CWH experience increased total costs required to deliver quality and reliable services to customers. Contributing factors include increased costs for material and fuel as well as the ability to return to regular training sessions and an increase in reactionary maintenance to our distribution system. CWH's current rate is \$779 per customer, which is an 9% increase over the 2022 value.

- **Total Cost per Km of Line**

CWH's rate is \$36,511 per km of line for 2023. The total cost used is the same total cost mentioned in Total Cost per Customer above and is then divided by CWH's total kilometers of line within our service territory. The Total Cost Per Km of Line over the past 5 years has increased and decreased, which correlates with CWH's capital budget increasing and decreasing based on specific capital requirements and increasing costs for operating and maintaining CWH's distribution system. In 2019 CWH had 156 total km of line in our service territory, in 2023 CWH had 160 km of lines. CWH's service area consists of predominantly urban distribution system with limited new service territory, and therefore a limited increase in new km of lines being installed. The majority of CWH's capital expenditures are for rebuilding existing lines and station rebuild work that does not increase the km of line variable.

## 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 authorization from the Electrical Safety Authority. CWH has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2023, CWH did not have any CIA requests.

- **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. All 100% of the Micro-embedded generation facilities were connected on time, within 5 days.

## 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.

CWH's current ratio modestly increased from 1.53 in 2022 to 1.58 for 2023. CWH's current ratio is expected to remain financially healthy into the foreseeable future.

- **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 shareholders' 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 could 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 increased profits that may be had through increased financial debt.

In 2023, CWH's debt to equity ratio is 0.73, which is below a 50/50 ratio, indicating CWH's financial stability is sound. CWH did not increase its debt in 2023.

### **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. CWH's current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 9.00%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the Ontario Energy Board.

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

CWH achieved an ROE of 11.42% in 2023, which is within the band of 9.00% +/-3% allowed by the Ontario Energy Board (see above paragraph).

## **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.