

Scorecard - Wasaga Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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	100.00%	99.99%	99.99%	99.98%	99.97%		65.00%		
	Customer Satisfaction	First Contact Resolution	.0658	.0438	0.128	.045%	99.9				
		Billing Accuracy	99.84%	99.88%	99.92%	99.97%	99.95%		98.00%		
		Customer Satisfaction Survey Results	82.2%	82.2	81.6	81.8	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	84.00%	85.60%	85.60%	84.20%	84.20%				
		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	1.11	0.45	0.78	1.39	2.86			0.57	
		Average Number of Times that Power to a Customer is Interrupted ²	1.35	0.46	0.62	0.61	2.39			0.56	
	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	\$430	\$425	\$435	\$468	\$459				
Total Cost per Km of Line ³		\$19,855	\$20,770	\$21,430	\$22,913	\$22,464					
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					100.00%				
		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)	2.05	2.15	2.89	1.53	1.70				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.31	0.31	0.30	0.29	0.40				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	8.43%	8.88%	9.38%	7.14%	6.72%			

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

2020 Scorecard Management Discussion and Analysis (“2020 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 2020 Scorecard MD&A:

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

Scorecard MD&A - General Overview

2020 was a year of challenge and change for Wasaga Distribution Inc. (WDI). The COVID-19 pandemic spread across the globe and throughout the year, we have seen the pandemic result in the delay of some of the major development and capital projects that were expected to be undertaken in 2020.

All told, WDI met all performance targets except for System Reliability. Aging infrastructure continues to be a challenge facing utilities today. WDI must replace aging infrastructure at a pace that meets the challenge. In addition, vegetation control, including tree trimming activities, also continue to be a primary focus for WDI due to the highly treed community. This reduces the vulnerability of the distribution system to external uncontrollable events, such as weather.

Furthermore, WDI continues to focus on you, the customer. WDI makes every effort to engage its customers on a regular basis to ensure we are aware of your needs and that you are receiving the best value for your money. In 2020, WDI undertook the development of a Strategic Plan that included input from all stakeholders including outreach engagement to its customers. WDI remains committed to provide its customers with the most reliable service at the least possible cost. WDI thanks their customers for their strong commitment to the utility in 2020.

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 2020, WDI connected 250 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 a decrease of 4.8% in the number of connections over 2019. WDI considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet

and/or exceed new customer's expectations, which in turn affects the level of customer satisfaction within a utility's territory. Consistent with 2019, 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 41 appointments in 2020 to connect services, disconnect services, or otherwise complete work requested by the customers. This represents an increase of 4.6% over 2019.

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 2020, 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 2020, WDI received 20,929 telephone calls from its customers. This represents an increase of 18.8% in the number of calls over 2019. The increase in call volume is mainly attributable to the COVID-19 rate relief, the OESP Programs, an increase in account transfers and general inquiries. 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 99.97% 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 enquiries that are not resolved by the first contact at the utility, resulting in the enquiry being escalated to an alternate contact at the utility, typically a senior staff member. For 2020, the First Contact Resolution was reported as the number of customer enquiries 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 enquiries quickly and accurately to be an essential component of customer satisfaction. For 2020 WDI received 20,929 enquiries from customers and 99.9% were successfully resolved during first contact. In other words, 7 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 2020, WDI issued 179,049 customer bills and 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 2019, 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. 403 customers were surveyed and WDI received a score of 81.6%, which was above the average of all LDC's that participated in the survey with RedHead Media (79.4%). WDI will complete another survey in 2021.

When customers were asked for open ended comments most comments were to lower the overall cost of electricity for seniors and cottagers. Other comments were to provide e-billing (which we do), offer credit card payments (which we do) and keep on doing a great job!

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

province. WDI received a survey result of 84.2% which was slightly above the CHEC survey average. Our areas of weakness that WDI can concentrate education on in future years includes customers requesting locates, overhead powerline safe distances and downed powerline safe distances. However, overall, WDI customers are very knowledgeable about Electrical Safety.

- **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 2020, 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 2020, WDI achieved 2.86 hours of interrupted power. This is a decline in performance over 2019 (1.39) and is above WDI's target of 0.57 hours. 80% of the interrupted power can be contributed to five events. The first event was due to high winds that resulted in tree branch contact that affected 1,065 customers for approximately 118 minutes. The second event was due to an equipment failure that had contact with the 44kV, 3,300 customers were affected for approximately 80 minutes. The third event was due to high winds that resulted in tree branch contact on the 44kV that affected 8,800 customers for approximately 60 minutes. The fourth event was a result of equipment failure, 8,800 customers were affected for up to 100 minutes. Lastly, the fifth event was due to high winds that resulted in tree branch contact that affected 4,900 customers for approximately 62 minutes.

WDI maintains a regular scheduled vegetative management system ensuring the tree contacts are kept minimal. The weather-related events were unforeseen. Similarly, WDI maintains a regular scheduled inspection program and while equipment is prone to failure, the two events that occurred in 2020 both impacted the 44kV line and this resulted in larger impacts to customers than would normally occur. No corrective action was warranted.

- **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 experience interrupted power 2.39 times during 2020 which is above WDI's target of 0.56 events per customer for interrupted power.

In 2020, WDI enhanced capital management program of changing out poles. These were scheduled outages, however; along with other weather events commented on above in "Average Number of Hours that Power to a Customer is Interrupted" contributed to WDI being above the OEB prescribed target.

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. In 2020, Wasaga Distribution maintained its Distribution System Plan and successfully implemented \$2.1 million worth of Capital Additions which was offset by Developer Capital of \$400k. WDI continues to experience increased development in Wasaga Beach. In 2021, WDI will continue to see more development growth in The Town of Wasaga Beach with a new casino, a couple of large subdivisions, and a new Substation.

Distribution related work to development growth (new subdivisions) and Town relocation work (widening of roadways) has distracted the utility from completing its normal asset replacement programs. Additional resources will be added in the coming years to bring the replacement programs for aged and falling infrastructure back in line with where WDI believes it should be.

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 2020, 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 we are the fourth most efficient utility in the province. WDI 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 its 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. In 2020, this was offset by a reduction in capital investments that can be attributed to the COVID-19 pandemic.

The total cost performance result for 2020 is \$459/customer which is a decrease of 2% over its 2019 result. On average, WDI's total cost per customer has increased by \$7.25 per annum for the period 2016 – 2020.

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 \$22,464 per km of line which is a 2% decrease over its 2019 rate. WDI's growth rate for its territory is relatively high. A higher growth rate has assisted WDI's ability to fund future capital projects and operating costs. As a result, the cost per km of line is expected to slowly 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 2020, WDI did not have any Connection Impact Assessments requested, therefore; no CIA's were done in 2020.

- **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 2020, WDI connected 0 net-metered generation facilities within its territory. 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 increased from 1.53 in 2019 to 1.70 in 2020. This ratio still indicates that WDI is a financially healthy organization in the use of its current assets. WDI hopes to decrease the liquidity ratio in the near future by borrowing for capital projects.

- **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 2020, WDI's debt-to-equity ratio was 0.40 (a change from 0.29 in 2019), 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

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 6.72% in 2020, which is within the +/- 3% range allowed by the OEB (see above paragraph).

Note to Readers of 2020 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.