

Scorecard - Welland Hydro-Electric System Corp.

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%	94.82%	94.52%		90.00%		
		Scheduled Appointments Met On Time	98.50%	98.64%	94.90%	93.16%	98.28%		90.00%		
		Telephone Calls Answered On Time	98.60%	96.19%	97.29%	88.90%	86.15%		65.00%		
	Customer Satisfaction	First Contact Resolution	75%	75%	80	80	77				
		Billing Accuracy	99.99%	99.98%	99.99%	99.99%	99.99%		98.00%		
		Customer Satisfaction Survey Results	92%	92%	96	96	96				
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%	83.00%	83.00%	83.00%	83.00%				
		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	1	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.208	0.208	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.63	1.83	1.46	1.71	2.36			0.90	
		Average Number of Times that Power to a Customer is Interrupted ²	0.72	1.56	1.70	2.41	2.02			1.04	
	Asset Management	Distribution System Plan Implementation Progress	Completed	Completed	Completed	Completed	Completed				
	Cost Control	Efficiency Assessment	2	2	2	2	1				
		Total Cost per Customer ³	\$510	\$497	\$501	\$512	\$494				
		Total Cost per Km of Line ³	\$24,268	\$23,937	\$24,354	\$24,714	\$24,038				
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%	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)	1.46	1.51	1.53	1.44	1.73				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.82	0.81	0.77	0.83	0.97				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.93%	8.78%	8.78%	8.78%	8.78%			
			Achieved	6.63%	8.51%	11.41%	10.44%	9.36%			

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

Scorecard MD&A - General Overview

- The 2020 scorecard reflects another very successful year for Welland Hydro (“WHESC”). The results reflect WHESC’s commitment to a locally owned distribution company providing safe reliable power at competitive rates thru prudent planning of distribution system capital expenditures and cost management. WHESC continues to seek ways to meet the needs of its valued customers, employees, and shareholder.

Service Quality

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

In 2020, Welland Hydro-Electric System Corp. (WHESC) connected 94.52% of eligible new low-voltage and small business customers to the distribution system within the five-day timeline as prescribed by the Ontario Energy Board (OEB).

- **Scheduled Appointments Met on Time**

A total of 697 appointments were scheduled with customers in 2020 with 98.28% completed on time – exceeding the industry target of 90%

- **Telephone Calls Answered on Time**

In 2020, contact center representatives answered 86.15% of 12,790 calls within 30 seconds or less, above the OEB mandated target of 65% for timely call response. Until 2020, there had been a downward trend in the number of phone calls received. While the number of phone calls increased, WHESC customers also continued to use other forms of communication such as live chat, email, and online software platforms which assist in processing move in and move out requests.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution measurements have not been previously defined across the industry. The OEB has instructed all electricity distributors to review and develop measurements in these areas.

First Contact Resolution requires front line staff to be prepared to respond to customer issues to the complete satisfaction of the customer. As part of the Customer Satisfaction Survey (telephone survey), 403 customers were asked about six aspects of their most recent experience with a representative from WHESC. The results showed 77% of responses were either very or fairly satisfied with the most recent telephone or in-person contact experience.

WHESC does not believe the survey depicts an accurate picture of its effectiveness at satisfactorily addressing customers' inquiries and has implemented a solution within the CIS to address this. The First Contact Resolution is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives. Of the 12,790 calls received in 2020, only 147 of those calls required the attention of management. This means that 99.85% of the time, WHESC's customer service representatives can answer customer inquiries and resolve customer issues. WHESC believes this to be a better indicator of First Contact Resolution and will adjust its RRR reporting accordingly moving forward.

- **Billing Accuracy**

WHESC issued 291,844 invoices during 2020 with a billing accuracy of 99.99% exceeding the OEB Standard of 98%. WHESC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

WHESC engaged a third party to conduct a Customer Satisfaction Survey in the first quarter of 2021, for the 2020 scorecard. WHESC received an overall score of 96% of customers who are "very or fairly" satisfied with WHESC, which is consistent with the previous survey (96%), and compares favorably with the Ontario average of customers who are "very or fairly" satisfied with their local utility (93%). WHESC is conducting another Customer Satisfaction Survey in 2022 as required by the OEB.

Safety

- **Public Safety**

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

WHESC completed its third Public Awareness of Electrical Safety in 2020. The results indicate that a significant number of customers/contractors (83%) have a good knowledge or have received some information pertaining to the six core measurement questions. WHESC joined a group of LDC's in 2017 to begin the development of a web based public messaging program to increase public awareness in the six core areas.

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

The metric measuring Ontario Regulation 22/04 (the 'Regulation') assesses an LDC's compliance with the ESA's standard for safety performance based on requirements for the design, construction, and maintenance of Electrical Distribution Systems. WHESC was independently audited and found to be in compliance with the Regulation. The audit consisted of a review of the Declaration of Compliance, Due Diligence inspections, Public Safety Concerns and Compliance Investigations.

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

WHESC has had no serious electrical incidents resulting in death or critical injury over the past five years.

System Reliability

System Reliability is a key component of the OEB's Renewed Regulatory Framework. Distributors are required to measure system reliability indices with a goal towards continuous improvements. The two metrics used to track individual distributor's system reliability performance are Customer Power Outage Duration and Customer Power Outage Frequency. The scorecard shows the distributor's performance over a five-year period. All distributors have a potential exposure to significant year over year volatility experienced due to major weather events. As weather impacts become more prevalent, they will continue to influence year over year volatility.

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

Recovering from power outages as quickly as possible is valued by Customers. System Average Interruption Duration Index (SAIDI) is the formula used to measure the average number of hours that power to a Customer is interrupted. SAIDI is equal to the sum of all

Interruption Durations / Average number of Customers served. Starting in 2017 (for the 2016 reporting period), Licensed Electricity Distributors began analyzing power outage occurrences to determine if a particular event is considered a “Major Event”. The definition of a Major Event can be found in the Ontario Energy Board document: “Electricity Reporting and Record Keeping Requirements”. For the period of 2012 to 2015, WHESC re-stated values for SAIDI with consideration of the Major Event criteria. This was necessary in order to establish a baseline of WHESC’s average performance over a five-year period, with Major Events removed. The values for SAIDI (indicated as both excluding and including Major Events) for the previous five-year period are as follows:

Year	SAIDI (excluding Major Events)	SAIDI (including Major Events)
2015	1.74	1.95
2016	0.63	0.63
2017	1.83	1.83
2018	1.46	1.46
2019	1.71	1.71
5 Year Average	1.47	1.52
2020	2.36	2.36

In 2020, WHESC did not have an outage occurrence that met both the calculated threshold (using the IEEE Standard 1366 approach) and the definition of a Major Event. The performance index in 2020 of 2.36 included one significant weather event that contributed 0.93 (39%) to the value of SAIDI. The value of SAIDI with this event removed is 1.46 which is in line with the 5-year historical average.

The SAIDI value of 2.36 for 2020 is above WHESC’s internal target of 2.0, which is identified in WHESC’s Distribution System Plan. A cyclical vegetation control program along with asset renewal and grid automation investments continue in an effort to maintain SAIDI below WHESC’s internal target.

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

System Average Interruption Frequency Index (SAIFI) is equal to the Total number of Customer Interruptions experienced by all Customers/Average number of Customers served.

The value for SAIFI (indicated as both excluding and including Major Events) for the historical five-year period are as follows:

Year	SAIFI (excluding Major Events)	SAIFI (including Major Events)
2015	1.39	1.68
2016	0.72	0.72
2017	1.56	1.56
2018	1.70	1.70
2019	2.41	2.41
5 Year Average	1.56	1.61
2020	2.02	2.02

The significant event noted above contributed 0.64 (32%) to the value of SAIFI, resulting in 2020 performance above WHESC's internal target of 2.0. Indices are reviewed regularly including the 5-year rolling average reported on the scorecard to identify negative trends in feeder performance. Ratepayer and utility affordability are balanced with distribution system risk when determining investments aimed at improving reliability.

Asset Management

- Distribution System Plan Implementation Progress**

The Distribution System Plan ("DSP") was completed and submitted with WHESC's 2017 Cost of Service application. The DSP outlines WHESC's forecasted capital spending through 2021.

WHESC continues to monitor the progress of its DSP implementation. WHESC updates the plan as required, fundamentally based on inputs from asset condition assessment data, customer satisfaction data and periodic review of distribution system performance.

Cost Control

- Efficiency Assessment**

Total Costs for Ontario's distribution companies ("LDCs") are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. LDCs are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

WHESC's 2020 Efficiency Assessment of 26.6% below expected cost, ranks 8th best in Ontario and reflects a commitment to finding continuous improvements in all areas. In 2020, Welland Hydro-Electric System Corp. improved on its ranking from 2019 and was placed in Group 1. A Group 1 distributor is defined as a distributor with actual costs more than 25% below predicted costs on average over three years and is considered to be the most efficient. This is an exceptional achievement for Welland Hydro-Electric System Corp.

- **Total Cost per Customer**

Cost per customer is calculated as the sum of Capital and Operating related costs divided by the Total Customers. Total Cost per Customer was \$494 in 2020. This represents a 3.5% decrease over 2019. Since 2016, Total Cost per Customer has decreased by 3.1% over a four-year period and reflects Welland Hydro's commitment to cost effective service to its customers.

- **Total Cost per Km of Line**

This measure divides Total Costs by the Total km of Line maintained by a distributor. Actual cost per Km of line serviced by WHESC in 2020 decreased by 2.7% over 2019 levels.

Connection of Renewable Generation

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

WHESC did not receive any requests for Renewable Generation Connection Impact Assessments in 2020.

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

WHESC did not connect any new micro-embedded generation facilities in 2020.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. WHESC has consistently had a current ratio greater than 1. The majority of current assets is related to receivables and unbilled revenues whereas current liabilities are for the most part related to amounts owed to the IESO for power purchased. There was a minor change with this ratio in 2020 (1.73) compared to 2019 (1.44), as WHESC took advantage of low

interest rates to borrow funds to meet capital spending requirements.

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

The OEB has set a deemed capital structure of 60% debt and 40% equity for LDC's in Ontario. This deemed structure assumes a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly leveraged than the deemed capital structure. WHESC's 2020 leverage ratio of 0.97 indicates that it is currently operating with less actual debt than deemed debt. WHESC secured additional debt financing in 2020 to continue to make the capital expenditures contained in the Distribution System Plan to replace aging infrastructure and maintain service reliability. No additional borrowing is anticipated in 2021.

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

WHESC's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return of 8.78%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor by the OEB.

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

WHESC's achieved return in 2020 was 9.36% which is above its deemed rate of return of 8.78% but within +/- 3% allowed by the OEB. The increase reflects stronger than normal growth in total customers and continued emphasis on cost control.

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.