Scorecard - Alectra Utilities Corporation

8/31/2022

Performance Outcomes	Performance Categories	Measures		2017	2018	2019	2020	2021	Trend	Target: Industry	Target: 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		97.02%	94.57%	92.59%	90.34%	90.40%	↓	90.00%	
		Scheduled Appointments Met On Time		99.31%	99.31%	98.75%	98.44%	99.30%	↓	90.00%	
		Telephone Calls Answered On Time		79.52%	77.67%	75.78%	66.93%	70.70%	↓	65.00%	
	Customer Satisfaction	First Contact Resolution		81.73	86.18	85.1%	82.73%	83.47%			
		Billing Accuracy		99.64%	99.59%	99.58%	99.50%	99.58%	↓	98.00%	
		Customer Satisfaction Survey Results		88.05%	90.89%	93%	93.00%	92.00%			
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		81.27%	81.27%	82.00%	82.00%	82.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	9	13	20	25	11	↑		19
			Rate per 10, 100, 1000 km of line	0.429	0.621	0.950	0.504	0.222	→		0.391
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.80	1.04	1.07	0.95	0.98	↑		0.98
		Average Number of Times that Power to a Customer is Interrupted [2]		1.11	1.33	1.26	1.18	1.15	↓		1.34
	Asset Management	Distribution System Plan Implementation Progress		95.82%	89.01%	114%	94.65%	90.26%			
	Cost Control	Efficiency Assessment		3	3	3	3	3			
		Total Cost per Customer [3]		$676	$681	$716	$686	$691			
		Total Cost per Km of Line [3]		$33,523	$33,860	$15,212	$14,730	$14,252			
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%	100.00%	100.00%	100.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time		98.40%	96.87%	78.26%	98.39%	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)		1.22	0.95	0.82	0.67	0.65			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.26	1.17	1.16	1.20	1.13			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.91%	8.95%	8.95%	8.95%	8.95%			
			Achieved	8.49%	7.69%	7.21%	4.80%	6.18%			

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

Scorecard MD&A – General Overview

The utility scorecard measures a utility's performance over time and presents the five most recent years of available data for each performance measure.

Alectra Utilities serves over 1 million customers across a service territory of 1,900 sq. km spanning 17 communities including: Alliston, Aurora, Barrie, Beeton, Brampton, Bradford, Guelph, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, Rockwood, St. Catharine's, Thornton, Tottenham, and Vaughan. Alectra Utilities is committed to delivering safe, reliable, and affordable electricity to our residential and business customers.

In 2021, Alectra Utilities exceeded all performance targets and continued to demonstrate strong performance in all four scorecard performance categories despite the ongoing challenges brought on by the pandemic. Throughout the year, Alectra Utilities took many steps to assist customers in mitigating the impacts of the COVID-19 pandemic, such as temporary suspensions of time-of-use electricity rates, offering the COVID-19 Energy Assistance Program and extending the moratorium on electricity service disconnection.

Service Quality

New Residential/Small Business Services Connected on Time

The OEB's Distribution System Code ("DSC") requires electricity distributors to complete a connection for new service under 750 volts within five days after all applicable service conditions are satisfied. This service quality standard must be met at least 90% of the time on an annual basis. In 2021, Alectra Utilities connected 90.40% of 9,690 eligible low-voltage residential and small business customers to its system within the five-day timeline.

Scheduled Appointments Met on Time

The DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Of 10,185 appointments scheduled in 2021 requiring the presence of the customer, Alectra Utilities met 99.30% of these appointments within this timeframe. The services provided in this category include connection or reconnection of services, meter reads, and other necessary work as requested by customers or required by Alectra.

Telephone Calls Answered on Time

The DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls that are received by the call centre and are driven by factors such as billing inquiries, customer move ins and outs, news about the electricity market in the media, conservation and demand management programs and power outages, among other things.

In 2021, Alectra Utilities' Customer Service Representatives ("CSR") received 556,110 calls from its customers, down from 612,466 calls in 2020. This represents a 10% reduction in call volumes. This was offset, however, by the complexity of enquires and level of customer support for particular calls, resulting in a 6.8% increase in call handle time. It should also be noted that as a result of the COVID-19 pandemic, CSR's have adjusted to working from home. Over the course of the year, CSRs answered 70.70% of incoming calls within 30 seconds, exceeding the OEB target of 65%.

Customer Satisfaction

First Contact Resolution

First Contact Resolution ("FCR") refers to the ability to resolve a customer query within a single call, thereby eliminating the need for a customer to follow up with further calls. The OEB does not prescribe a specific methodology for this metric; rather, distributors are permitted discretion in measuring and reporting this item.

Alectra Utilities determines FCR results through transactional customer surveys that probe the quality of service received by customers at the time they contact the utility. Alectra Utilities uses the transactional customer survey results to identify customer service improvements

with the intention of increasing first contact resolution in the future.

In 2021, Alectra Utilities resolved 83.47% of calls on first contact, an improvement of 0.74% relative to the 2020 result of 82.73%.

Billing Accuracy

The Billing Accuracy customer satisfaction metric is defined as the number of accurate bills issued, expressed as a percentage of the total number of bills issued. A bill is considered accurate if it has not been subject to any adjustments, meter reading estimates, or to a bill cancellation and re-bill. In 2021, Alectra Utilities issued almost 13 million customer bills and achieved a billing accuracy performance measure of 99.58%. This result exceeds the prescribed OEB target of 98%.

Customer Satisfaction Survey Results

Electricity distributors are required to measure and report customer satisfaction results at least once every other year. The OEB allows electricity distributors discretion in the creation and reporting of customer satisfaction surveys results.

Alectra retained Simul Corporation to conduct its UtilityPulse survey, which is the same survey used among other utilities throughout Ontario and Canada. The survey asks customers about a wide range of topics, including the following items: overall satisfaction; service reliability; customer service; billing experience; and corporate image. The data and feedback from the survey are incorporated into Alectra Utilities' planning processes, ensuring that Alectra's practices evolve to meet customers' needs and expectations. Alectra Utilities completed its last customer satisfaction survey in November 2021 and achieved a score of 92.00%.

Safety

Public Safety

The Public Safety metric was developed for the OEB with the assistance of the Electrical Safety Authority ("ESA"). The OEB has developed three component metrics that consist of: (a) Public Awareness of Electrical Safety, (b) Compliance with Ontario Regulation 22/04, and (c) a Serious Electrical Incident Index. Details for Alectra Utilities' performance in each of these component areas are discussed below.

Safety is a core value and is always a top priority for Alectra Utilities, both as an employer and as a responsible operator within the community. Alectra Utilities' commitment to public and employee safety is demonstrated through its stringent safety protocols and training.

Component A – Public Awareness of Electrical Safety

The ESA and OEB developed a standard survey methodology to determine the Public Awareness of Electrical Safety component. Results are based on a hybrid online/phone survey with over 200 phone interviews and 600 online reviews conducted among members of the general public 18 years of age or older within Alectra Utilities' service territory.

The six core measurement questions correspond to the six most frequent incidents involving utility equipment in Ontario over the last decade. Alectra Utilities' Public Safety Awareness Score indicated in the most recent biennial Survey, issued in March 2022, was 82.00%. There is currently no established performance target for this metric, however, the OEB has indicated that one may be established in the future.

Component B – Compliance with Ontario Regulation 22/04

The metric measuring Ontario Regulation 22/04 (the "Regulation") exists to assess compliance with the ESA's standard for safety requirements in the design, construction, and maintenance of electrical distribution systems. Alectra Utilities received a rating of 'compliant', the highest rating possible, for its performance in 2021. This rating is based upon an assessment of Alectra Utilities' performance in the following areas: Regulation 22/04 Audit; Declaration of Compliance; Due Diligence Inspections; Public Safety Concerns; and Compliance Investigations.

For the last five years, Alectra Utilities has had zero non-compliance issues identified in the annual Regulation 22/04 Audit, confirming that the company's commitment to safety is effective and that it remains compliant with the Regulation. The audit is an independent review and examination of records and activities to: (i) assess the adequacy of system controls; (ii) ensure compliance with established policies and procedures; and (iii) recommend necessary changes in controls, policies, or procedures to meet objectives, if necessary.

Annual Due Diligence Inspections of the LDC's electrical distribution installations are completed by the ESA, primarily focused on ensuring construction in the field is done in accordance with a plan, work instruction, and design characteristics that are compliant with Regulation 22/04.

Finally, all Public Safety Concerns issued to the LDC by the ESA are reviewed for compliance against Ontario Regulation 22/04 and corrected in a timely fashion should any concerns fall outside the established Regulation.

Component C – Serious Electrical Incident Index

The Serious Electrical Incident Index measures the number and rate of serious electrical incidents that have occurred per 1,000 kms of line. Section 12 of Ontario Regulation 22/04 defines a "serious electrical incident" as:

(a) any electrical contact that caused death or critical injury to a person;
(b) any inadvertent contact with any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person; or
(c) any fire or explosion in any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person, except a fire or explosion caused by lightning strike.

The OEB set a target of 19 Serious Electrical Incidents for Alectra Utilities in 2021. The target is calculated and established as 70% of the five-year rolling average of such incidents. For Alectra, this results in a target equal to 0.391 incidents per every 1000 kilometers of line that Alectra operates. Alectra Utilities' goal is to have zero "serious electrical incidents" annually.

Alectra Utilities experienced 11 serious electrical incidents for the 2021 reporting period. This translates to 0.222 incidents per every 1,000 kilometers of line. Four (4) incidents occurred due to items beyond the control of Alectra Utilities, such as motor vehicle accidents, animal, and inadvertent contacts. Six (6) incidents were a result of equipment failures. The remaining one (1) incident was a result of adverse weather events that caused overhead conductors to come down into a public space. Alectra Utilities reviews these incidents and makes appropriate adjustments to its system renewal and maintenance activities to the extent it is able within existing capital funding constraints. Alectra Utilities expects that a focus on these initiatives will assist in reducing the risk of serious electrical incidents on the system.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted

In 2021, the average number of hours that power to a customer was interrupted (excluding loss of supply and major event days) was 0.98 hours, compared to 0.95 hours in 2020.

Reliability performance in 2021 declined relative to 2020 performance primarily due to defective equipment issues, of which the leading contributor was the failure of underground cables and accessories. Other contributors that can adversely affect reliability include foreign interference events, such as animal contacts and vehicle collisions with equipment as well as outage events caused by tree contacts and

adverse weather impacts. To improve this metric, Alectra Utilities has established plans to proactively identify sections of underground cable for remediation in order to mitigate cable failure and outage events.

Average Number of Times that Power to a Customer is Interrupted

In 2021, the average number of times that power to a customer was interrupted was 1.15, compared to 1.18 occurrences in 2020. The improvement was primarily attributed to fewer outage events caused by adverse weather and lightning, somewhat offset by higher tree contact events.

Asset Management

Distribution System Plan Implementation Progress

Beginning with the 2020 reporting year, Alectra Utilities updated the methodology it uses to measure and report the Distribution System Plan ("DSP") implementation progress, consistent with the defined outcomes and performance measures described in its 2020-2024 DSP. In May 2019, Alectra Utilities submitted its first consolidated DSP to the OEB. The DSP Implementation measure is calculated and reported based on a balance of financial and operational achievements relative to plans established in the DSP. In 2021, Alectra Utilities was able to achieve the operational conditions set out in its plan, however, was not able to complete all of the planned capital work outlined in the DSP due to a lack of funding. The performance level for this metric was 90.26% for 2021, a decline from previous years' performance.

Cost Control

Efficiency Assessment

A total cost efficiency evaluation is conducted annually by Pacific Economics Group LLC ("PEG") on behalf of the OEB for all electricity distributors in the province. Distributors are then divided into five groups based on an assessment of their total cost efficiency, which is measured as the magnitude of the difference between their actual and predicted costs. Distributors with larger negative differences between actual and predicted costs are considered better cost performers. The results are used to group distributors into Cohorts with specific stretch factor assignments, which are then applied to annual rate adjustments. The Cohorts and associated stretch factor assignments are defined as follows:

1) Cohort I (Stretch Factor = 0.0%) – Actual costs are 25% or more below predicted costs
2) Cohort II (Stretch Factor = 0.15%) – Actual costs are 10% to 25% or more below predicted costs
3) Cohort III (Stretch Factor = 0.30%) – Actual costs are within +/- 10% of predicted costs
4) Cohort IV (Stretch Factor = 0.45%) – Actual costs are 10% to 25% or more above predicted costs
5) Cohort V (Stretch Factor = 0.60%) – Actual costs are 25% or more above predicted costs

Alectra Utilities maintained its placement in Cohort III in 2021, having achieved actual costs that were within 10% of predicted costs (-6.9%). The efficiency assessment does not consider additional merger related benefits.

Total Cost per Customer

Total costs refer to combined operating and capital costs and include costs to operate, maintain, administer and renew the distribution system, buildings, and related systems and processes necessary to operate the distribution system. Total cost is computed by PEG using an econometric model that benchmarks distributors' cost performance, which facilitates comparability across the sector. The costs reported on the scorecard are the costs resulting from PEG's econometric model. As a result, they are based on, but do not exactly equal, costs reported in financial statements.

The total cost per customer is calculated as the sum of capital and operating costs divided by the total number of customers that Alectra serves. The total cost per customer calculated for 2021 is $691 per customer, which is lower than the average for the sector of $705 and represents a marginal increase over the 2020 result of $686 per customer. Alectra continues to implement productivity improvement initiatives in order to drive further cost efficiencies.

Total Cost per Km of Line

The total cost per Km of Line is calculated as the sum of capital and operating costs divided by the kilometers of line that Alectra operates to serve its customers. In 2021, the total cost per kilometer of line decreased to $14,252 from $14,730 in 2020, largely due to an increase in kilometers of operating line.

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Renewable Generation Connection Impact Assessments ("CIAs") within 60 days of receiving a complete application from a customer (or 90 days if an expansion of the distribution system is required to accommodate the generation). In 2021, Alectra Utilities completed 100.00% of its CIAs within the required timeframe required by the OEB.

New Micro-Embedded Generation Facilities Connected on Time

Alectra Utilities successfully connected 100.00% of all New Micro-embedded Generation Facilities in 2021 within the required timeframe established by the OEB. These connections are for Feed in Tariff projects of less than 10 kW (micro-FIT). The OEB requires 90% of these projects to be completed within five days of receiving authorization from the ESA.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

The OEB requires distributors to report their Current Ratio as it is one of a number of common measures used to determine the financial health of a distributor. The Current Ratio indicates whether or not the distributor has enough resources (assets) to pay its debts (liabilities) over the next 12 months. A Current Ratio of 1.0 indicates that current assets are equal to the value of current liabilities.

Alectra Utilities' 2021 current ratio of 0.65 remained substantially consistent with the 2020 ratio of 0.67.

Leverage: Total Debt (including both short-term and long-term debt) to Equity Ratio

The debt-to-equity ratio measures the extent to which assets are financed by debt and equity for an entity. The OEB uses a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates, representing 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 levered than the deemed capital structure. A debt-to-equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure.

Alectra Utilities total debt to equity ratio decreased from 1.20 in 2020 to 1.13 in 2021 primarily due to the repayment of short-term debt, partially offset by a new debt issuance and improved earnings, as compared to 2020.

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

The OEB requires all distributors to report their Return on Equity ("ROE") earned through OEB approved distribution rates as another common measure of the financial health of the distributor. If a distributor performs outside of a range of +/- 3% of the deemed ROE, this may trigger a review of the distributor's revenue and cost structures. Alectra Utilities' deemed ROE was constructed and approved based on the deemed ROE for each of its predecessor companies' last rebasing application (Enersource 8.93%, Brampton 9.3%, PowerStream 8.78%, Guelph Hydro 9.19%) or Custom Incentive Regulation (Horizon Utilities 9.0%). These rates were combined using a weighted average of the OEB-approved rate base for each predecessor to calculate a deemed ROE for Alectra Utilities of 8.95%.

Profitability: Regulatory Return on Equity – Achieved

Alectra Utilities achieved a ROE of 6.18% in 2021, which is within the +/- 3% range allowed by the OEB (relative to 8.95%).

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.