

# Scorecard - InnPower Corporation

9/12/2024

| Performance Outcomes  |   | Performance Categories  | Measures                           | 2019     | 2020     | 2021     | 2022     | 2023     | Trend  | Industry | Distributor |       |
|---|---|---|------------------------------------|----------|----------|----------|----------|----------|--------|----------|-------------|-------|
| <b>Customer Focus</b><br>Services are provided in a manner that responds to identified customer preferences.  | <b>Service Quality</b>                    | New Residential/Small Business Services Connected on Time                     |                                    | 99.56%   | 100.00%  | 99.50%   | 95.83%   | 99.42%   |        | 90.00%   |             |       |
|   |   | Scheduled Appointments Met On Time  |                                    | 98.40%   | 99.51%   | 100.00%  | 100.00%  | 100.00%  |        | 90.00%   |             |       |
|   |   | Telephone Calls Answered On Time  |                                    | 90.40%   | 92.53%   | 90.18%   | 82.96%   | 79.26%   |        | 65.00%   |             |       |
|   | <b>Customer Satisfaction</b>              | First Contact Resolution  |                                    | 99.93    | 99.95    | 99.95    | 99.9     | 99.9     |        |          |             |       |
|   |   | Billing Accuracy  |                                    | 99.88%   | 99.90%   | 99.83%   | 99.87%   | 99.93%   |        | 98.00%   |             |       |
|   |   | Customer Satisfaction Survey Results  |                                    | A        | A        | B+       | B+       | B+       |        |          |             |       |
| <b>Operational Effectiveness</b><br>Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.                             | <b>Safety</b>                             | Level of Public Awareness   |                                    | 84.00%   | 84.00%   | 83.00%   | 83.00%   | 83.00%   |        |          |             |       |
|   |   | 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        | 2      |          |             | 0     |
|   |   |   | Rate per 10, 100, 1000 km of line  |          | 0.000    | 0.000    | 0.000    | 0.000    | 1.366  |          |             | 0.000 |
|   | <b>System Reliability</b>                 | Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>  |                                    | 1.52     | 1.81     | 1.78     | 1.04     | 1.29     |        |          | 1.86        |       |
|   |   | Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>  |                                    | 0.61     | 1.10     | 0.70     | 0.87     | 0.87     |        |          | 0.87        |       |
|   | <b>Asset Management</b>                   | Distribution System Plan Implementation Progress                              |                                    | 110%     | 93%      | 109%     | 62%      | 90.6%    |        |          |             |       |
|   | <b>Cost Control</b>                       | Efficiency Assessment   |                                    | 3        | 3        | 3        | 3        | 3        |        |          |             |       |
|   |   | Total Cost per Customer <sup>3</sup>  |                                    | \$847    | \$852    | \$897    | \$961    | \$1,122  |        |          |             |       |
|   |   | Total Cost per Km of Line <sup>3</sup>  |                                    | \$10,844 | \$11,219 | \$12,072 | \$13,471 | \$13,986 |        |          |             |       |
| <b>Public Policy Responsiveness</b><br>Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board). | <b>Connection of Renewable Generation</b> | New Micro-embedded Generation Facilities Connected On Time                    |                                    |          |          |          |          |          |        | 90.00%   |             |       |
| <b>Financial Performance</b><br>Financial viability is maintained; and savings from operational effectiveness are sustainable.  | <b>Financial Ratios</b>                   | Liquidity: Current Ratio (Current Assets/Current Liabilities)                 |                                    | 1.06     | 0.84     | 0.48     | 1.03     | 0.48     |        |          |             |       |
|   |   | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio |                                    | 1.60     | 1.42     | 1.27     | 1.09     | 1.20     |        |          |             |       |
|   |   | Profitability: Regulatory Return on Equity                                    | Deemed (included in rates)         |          | 8.78%    | 8.78%    | 8.78%    | 8.78%    | 8.78%  |          |             |       |
|   |   |   | Achieved                           |          | 10.09%   | 9.69%    | 9.26%    | 12.82%   | 10.04% |          |             |       |

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

### Scorecard MD&A - General Overview

The year 2023 continued to be a period of growth for InnPower, from both a customer base and operational perspective. InnPower achieved total customer growth of 8.89% (of which 8.35% was residential customers) and invested \$10.0M (2022 - \$13.5M) in capital infrastructure, excluding Construction-in-Progress. Beginning in 2019 and continuing into 2023, InnPower expanded its strategy to reorganize and refocus on customer’s needs while continuing to meet the challenges of an ever-changing utility.

InnPower remains one of the fastest growing electricity distributors in Ontario, continuing to experience rapid and extensive growth throughout our service territory, with significant capital additions each year. Future expansion is expected to persist as InnPower energizes previously unserved areas, primarily in the South Barrie section of the service territory.

InnPower, in its dedication to ongoing improvement, continues to identify and remediate areas in its distribution system, which over the years were contributing to system outages. Beginning in 2018, InnPower’s capital program has included enhanced tools and process modifications that significantly improve system reliability. Additional investments have been made to manage vegetation encroachments and proactively address areas of concern, which has improved system reliability and reduced restoration times.

InnPower remains committed to working with its stakeholders to find operating efficiencies in all facets of the organization and to persist in its objective of maximizing value to all stakeholders and service to its customers.

## Service Quality

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

In 2023, InnPower connected 99.42% of its 1,549 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB), which exceeds the OEB-mandated threshold of 90%.

- **Scheduled Appointments Met on Time**

In 2023, InnPower scheduled and met 100.00% of its appointments to complete work requested by customers to connect services, disconnect services, or otherwise discuss service options in which the customer was met on site, which exceeds the OEB-mandated threshold of 90%.

Additionally, in 2023, InnPower scheduled 6,510 appointments for work in which the customer was not required on site. Of the 6,510 scheduled appointments, 99.89% (6,503 appointments) were completed in five business days, which exceeds the OEB-mandated threshold of 90%.

- **Telephone Calls Answered on Time**

In 2023, InnPower's customer contact center received 135,385 calls, which represents an increase of approximately 63.7% compared to 2022. This is an average of approximately 541 calls per working day. InnPower's customer service representatives answered 79.26% of calls within 30 seconds, which exceeds the OEB prescribed target levels of 65%.

Total qualifying call volumes were higher compared to 2022. Over 50% of qualifying calls continue to be directly related to move inquiries, billing inquiries, payments and arrangements.

## Customer Satisfaction

- **First Contact Resolution**

InnPower defines “First Contact Resolution” as the number of customer enquiries that are resolved the first time they contact the utility without escalation to a supervisor or manager. InnPower measures this through the Customer Service agent logged transactions. In 2023, InnPower staff logged 26,985 inquiries of which 35 were not resolved on first contact. InnPower is proud of staff accomplishments to achieve these results and continues to strive to further enhance the customer experience.

In cases where first contact resolution is not met, the calls are used as examples in training opportunities with staff. On a regular basis, scripting and procedures are updated to ensure consistent and high-quality messaging is delivered by our staff.

- **Billing Accuracy**

For the period of January 1, 2023, through December 31, 2023, InnPower issued 255,465 bills and achieved a billing accuracy of 99.93%, which is in line with internal expectations and exceeds the prescribed OEB target of 98%. InnPower maintains a high billing accuracy percentage as a result of thorough analysis and regular internal bill audits.

- **Customer Satisfaction Survey Results**

Customer Satisfaction is measured via a recurring two-year cycle of surveys for InnPower customers. The OEB has not yet issued a common definition for this measure but is expected to do so within the next few years. As a result, this measure may differ from other utilities in the province.

In 2023, InnPower Corporation partnered with UtilityPULSE to conduct a Customer Satisfaction Survey. The survey was completed between September and October 2023. UtilityPULSE completed 406 interviews. The customers were chosen based on a random sample approach, with 85% residential customers and 15% commercial customers.

Overall, InnPower received a majority of positive scores with respondents providing excellent operational and representative scores for categories including, but not limited to; consistent and reliable energy, quickly handling outages, prioritizing electrical safety, and being customer focused.

## Safety

- **Public Safety**

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

InnPower undertook the survey during the first quarter of 2022 and achieved an 83% in Public Awareness of Electrical Safety. The results continue to show that most customers have sound knowledge of electrical safety or have received information pertaining to the six core measurement questions. At this time, there is no set performance target by the OEB for the public awareness of 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.

InnPower continues to be fully compliant with this regulation through our strong commitment to safety, and our adherence to company procedures and policies.

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

In 2023, InnPower had two (2) serious incidents and continues to report zero (0) fatalities within its service territory. Both incidents were caused by a tree falling on an energized line. InnPower continues to perform regular site visits and rigorous safety training to identify potential hazards and communicate findings and recommendations to all staff and the public.

## 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 or the ability of a system to perform its required function. InnPower views reliability of electrical service as a high priority for its customers and regularly monitors its system for signs of reliability degradation. Outside factors such as severe weather, defective equipment or even regularly scheduled maintenance can greatly influence this measure.

For 2023, on average, InnPower customers were out of power, excluding major events and loss of supply, for 1.29 hours (SAIDI excluding MED and LOS). This represents an increase in outage duration for the average customer compared to 2022 and is lower than the distributor’s target of 1.86. Top causes for these outages were defective equipment, tree encroachment and adverse weather. InnPower continues to make investments in system reliability through vegetation management, smart devices such as fault indicators, switches, control systems and outage response software, which will continue to help improve overall system reliability over the long-term.

- **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 a high priority for InnPower. As outlined above, outside factors can also greatly influence this measure.

For 2023, on average, InnPower customers experienced approximately 0.87 sustained interruptions over the year, excluding major events and loss of supply (SAIFI-excluding MED and LOS). This represents the same outage frequency for the average customer compared to 2022 and is on par with the distributor’s target of 0.87. InnPower continues to strive to provide reliable service to its customers, while carefully managing its investment strategies for renewing its aging assets.

## Asset Management

- **Distribution System Plan Implementation Progress**

The “*Distribution System Plan Implementation Progress*” measure is intended to assess InnPower’s effectiveness at planning and implementing its capital expenditures. Consistent with other new measures, utilities are 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.

InnPower manages its capital planning and asset management process by means of planned versus actual costs. In 2023, given the significant load growth, InnPower executed an unprecedented gross of \$21,969,430 (before contributions) and a net of \$10,409,862 in capital projects. These represent the highest distribution system investments InnPower has achieved since its inception. These investments will significantly benefit existing and future InnPower customers. InnPower continues to monitor and manage its Distribution System Plan (DSP), which is currently being driven by significant anticipated growth in its service territory.

## Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance by an independent organization. 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, InnPower has maintained its ranking in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs.

- **Total Cost per Customer**

The *total cost per customer* is calculated as the sum of InnPower’s capital and operating costs divided by its total customers. The “*total cost per customer*” in 2023 is \$1,122 (2022 - \$961) or an increase of 16.8%.

InnPower has experienced increases in total costs primarily due to its significant capital requirements to service growth that has not yet materialized, while continuing to deliver quality, reliable services to its customers. InnPower has also seen a significant increases in material, equipment and contractor costs.

- **Total Cost per Km of Line**

The *total cost per km of line* is calculated as the sum of InnPower’s capital and operating costs divided by its total length of primary and secondary lines. InnPower’s 2023 “*total cost per Km of line*” is \$13,986. This represents an increase of \$515 per km of line from 2022.

InnPower builds more robust circuits to address growth and distribution automation, which has increased costs. InnPower also continues to increase both its primary and secondary lines to service areas of its service territory, which were previously unserved. As this intensification occurs, InnPower will continue to seek solutions to optimize resources and ensure the cost per kilometer of line is competitive within the market.

## Conservation & Demand Management

- **Net Cumulative Energy Savings**

No longer being tracked by the OEB

## Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) on all renewable generation connections within 60 days of the Generator meeting the requirements outlined in InnPower’s Conditions of Service. InnPower has developed and implemented an internal procedure to ensure compliance with this regulation.

In 2023, InnPower did not complete any CIAs during the year.

- **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. The MicroFIT program, which ended in 2018, was replaced with net metering.

## Financial Ratios

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

In 2023, InnPower's current ratio experienced a decrease to 0.48 from 1.03 in 2022. This reduction is attributed to the reclassification of the Corporation's debt as current, reflecting the total current long-term debt of \$42 million. Although a waiver was obtained subsequent to year-end, allowing the expected principal repayments to remain consistent with the fixed contractual repayments, this reclassification significantly impacted the current ratio for the year.

InnPower secured an amendment to the TD Bank term loan agreement on May 9, 2024, which adjusts the calculation of the debt service coverage ratio to account for unfinanced capital expenditures. If this amendment had been in effect as of December 31, 2023, the Corporation would have been in compliance with the revised debt service coverage ratio, thus not necessitating the reclassification of the debt. This amendment indicates that the current ratio for 2025 is projected to align more closely with previous years, reflecting a more stable financial position moving forward.

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

The OEB has developed a deemed utility capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.50 (60/40). InnPower's debt to equity ratio increased in 2023 to 1.20 (2022 – 1.09). As part of its long-term plan, InnPower continues to optimize its leverage in the near term to create borrowing room for major capital expenditures in the future.

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

InnPower's current distribution rates are approved by the OEB and include a deemed regulated return on equity of 8.78%. The OEB allows a distributor to earn within +/-3% of the deemed return on equity.

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

InnPower's return on equity achieved in 2023 was 10.04% (down from 12.82% in 2022), which is inside the OEB +/- 3% of the deemed rate of return of 8.78%. The decrease is due to growth in customers/connections and consumption, as well as an increase in other revenues, including interest earned from a positive cash balance, increased recoverable income and increased deferred revenue recognition (contributed capital). As InnPower has applied for rates effective January 1, 2024, the rebased rates will bring the return on equity within the OEB's required parameters in 2024. InnPower continues to work towards increased efficiencies to manage and maintain the OM&A as the customer base increases.

## 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.