

Scorecard - Kingston Hydro Corporation

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	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	99.73%	99.52%	99.59%	100.00%	100.00%	⬆	90.00%		
		Telephone Calls Answered On Time	64.63%	64.65%	77.43%	75.06%	80.89%	⬆	65.00%		
	Customer Satisfaction	First Contact Resolution	99.18%	99.06%	98.68%	98.04%	97.49%				
		Billing Accuracy	92.04%	99.57%	95.81%	99.74%	99.85%	⬆	98.00%		
		Customer Satisfaction Survey Results	'A'	'A'	"A"	"A"	"A"				
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	79.00%	82.00%	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	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	0.88	1.57	1.41	1.12	1.17	⬆		1.19	
		Average Number of Times that Power to a Customer is Interrupted ²	0.73	0.87	2.10	0.55	0.74	⬇		1.01	
	Asset Management	Distribution System Plan Implementation Progress	Trending Up	On track	On track	On track	On track				
	Cost Control	Efficiency Assessment	3	3	3	2	2				
		Total Cost per Customer ³	\$574	\$562	\$543	\$614	\$671				
		Total Cost per Km of Line ³	\$47,559	\$46,486	\$45,552	\$24,873	\$27,431				
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	New Micro-embedded Generation Facilities Connected On Time	100.00%	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)	1.47	1.69	1.69	1.73	1.72				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.11	1.12	1.10	1.05	1.00				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.36%			
			Achieved	9.50%	7.25%	8.39%	6.76%	7.92%			

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:

[https://www.oeb.ca/oeb/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](https://www.oeb.ca/oeb/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Kingston Hydro delivers electricity to 28,000 homes and businesses in Central Kingston, Canadian Forces Base Kingston, and parts of Barriefield under an Ontario Energy Board license. While Kingston Hydro owns the wires, poles, transformers, and meters that bring electricity from the provincial transmission grid to these locations, the electrical system is proudly operated by the employees of Utilities Kingston.

By integrating its electricity services with water, wastewater, and gas utilities, Utilities Kingston leverages a multi-utility model that boosts operational efficiency and cost-effectiveness. This synergy not only enhances the overall management of Kingston Hydro’s electrical system but also supports its mission to provide safe, reliable, and affordable electricity, delivering greater value to the community.

This commitment to efficiency and excellence is reflected in Kingston Hydro's 2023 Scorecard, which highlights our success in meeting and surpassing Ontario Energy Board (OEB) targets.

In 2023, Kingston Hydro delivered exceptional performance in several key areas, including service quality, customer satisfaction, and reliability. Kingston Hydro achieved new service connections and scheduled appointments 100 per cent on time, and a billing accuracy of 99.85 per cent, surpassing industry standards. Our customer satisfaction survey results remained high at 91 per cent, driven by enhanced telephone call response times and will be continued through the newly established customer care branch.

Health and safety remained a top priority for Kingston Hydro throughout 2023. We achieved full compliance with safety regulations, as verified by an independent audit, and proudly reported zero serious electrical incidents. This underscores our steadfast commitment to providing a safe and reliable service.

In 2023, Kingston Hydro also excelled in system reliability, surpassing targets for both the System Average Interruption Frequency Index and System Average Interruption Duration Index. Proactive measures such as tree trimming and infrastructure renewal were crucial in maintaining our high-reliability standards.

Despite facing inflation and supply chain challenges, we efficiently managed capital expenditures with a focus on infrastructure renewal. Our continued efforts in efficiency maintained our position in Group 2 efficiency assessment, reflecting our above-average performance. Although there was an increase in total cost per customer and kilometre of line, our total cost per customer remained below the industry average, reinforcing our position as an efficient, low-cost distributor.

Financially, Kingston Hydro maintains a stable liquidity ratio and balanced debt-to-equity ratio, with a return on equity achieved that was slightly below the deemed rate due to inflationary costs that were higher than expected.

Overall, Kingston Hydro's performance in 2023 demonstrates our ongoing commitment to safety, reliability, and operational excellence. By continuing to enhance our service quality, maintaining rigorous safety standards, and managing our financial resources effectively, we remain dedicated to meeting the evolving needs of our customers and community. Our proactive approach to system investments and economic development positions us well for future success and ensures that we will continue to deliver safe, reliable, and affordable electricity.

Service Quality

- **New Residential/Small Business Services Connected on Time**
 - Utilities must connect new service for the customer within five business days, 90 per cent of the time, unless the customer agrees to a later date. Kingston Hydro exceeded this target for the 274 new low voltage (less than 750 volts) services connected in 2023. As in previous years, 100 per cent of these services were connected within the target of five working days (from the time all required permits were issued).
- **Scheduled Appointments Met on Time**
 - For appointments during the utility's regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90 per cent of the time. Customers make appointments with Utilities Kingston, on behalf of Kingston Hydro, for a variety of reasons, including for meter changes, service upgrades, and utility locates. Utilities Kingston strives to complete all requested appointments within five business days and understands that being on time is important to deliver reliable customer service. In 2023, 388 of 388 (100 per cent) of scheduled appointments were met on time, surpassing the target of 90 per cent.

- **Telephone Calls Answered on Time**

- During regular call centre hours, the utility's call centre staff must answer phone calls within 30 seconds of receiving the call directly, or having the call transferred to them, 65 per cent of the time.
- In 2023, customer service representatives answered a total of 40,695 calls, a reduction of 10.47 per cent from 2022 call volume.
- 80.89 per cent of calls (32,919), were answered within 30 seconds. We continue to focus efforts on improving this metric year-over-year.
- We have worked closely with our contact centre to make improvements and ensure that we are reaching and exceeding the service level expectations going forward. The results for the past three years are a great improvement over our previously reported results.
- In the final quarter of 2023, we came to an agreement to bring the third-party call centre into Utilities Kingston in 2024 to continue to drive improvements for customers.

Customer Satisfaction

- **First Contact Resolution**

- Utilities should aim to address their customers' needs as quickly as possible. Ideally, their concerns and issues are resolved the first time the customer contacts the utility.
- For Utilities Kingston, this is a measure of the number of times a customer inquiry or request, related to their account, is handled by the first person to receive the contact.
- In 2023, 97.49 per cent of contacts were answered without having to transfer to another staff member, a similar result to previous years. First contact resolution is closely monitored to ensure that front line staff members have the information and tools available so they can effectively address customer inquiries.

- **Billing Accuracy**

- An important part of business is ensuring that customer bills are accurate. An accurate bill provides customers with the right information, the first time.
- In 2023, Utilities Kingston issued 348,440 bills on behalf of Kingston Hydro Corporation, with an overall billing accuracy of 99.85 per cent, an increase from 2022. This exceeded the industry standard of 98 per cent of all bills being accurate.

- **Customer Satisfaction Survey Results**

- Utilities use different ways to determine how satisfied their customers are with the service they receive. Distributors are required to report their results every second year, at a minimum.
- In 2023 Innovation Research Group was selected to complete the customer satisfaction survey to provide a different approach to completing the survey from previous years. The customer satisfaction survey was conducted by Innovation Research Group on

behalf of Kingston Hydro from October 4 to October 14, 2023 and the results are based on telephone interviews with 400 customers (both residential and commercial).

- An overall rating of 91 per cent was reported in 2023. The survey results outcome was provided to Kingston Hydro in numeric format, whereas previous surveys were provided in a less granular letter format. For consistency with previous surveys conducted in 2014, 2016, and 2019, our result of 91 per cent has been reported by converting the numeric result into a letter grade with the Utility Pulse grading of “A.”
- Highlighted in the 2023 Customer Satisfaction Survey are high results for trustworthiness and fairness in addition to high satisfaction for receiving accurate bills and providing convenient options to receive and pay bills.

Safety

- **Public Safety**

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

In February/March 2022, a public awareness telephone survey was carried out among 406 members of the public, residing in Kingston Hydro’s distribution area. The survey followed the requirements established in *Appendix B: Biannual Standardized Scorecard Public Awareness of Electrical Safety Telephone Questionnaire*, published by the OEB on November 25, 2015.

The survey yielded an overall Public Safety Awareness Index Score of 82 per cent (consistent with the 2020 survey result of 82 per cent), demonstrating that many people do have good knowledge or have received some information pertaining to the six core measurement questions. The 2022 results are used for the reporting years of 2022 and 2023, with the next survey for Public Awareness of Electrical Safety to be carried out in 2024.

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

For the year 2023, as in previous years, Kingston Hydro was fully compliant with the *Ontario Electrical Distribution Safety Regulation 22/04*. This is substantiated through the annual independent *Audit of Compliance and Declaration of Compliance*, as well as the *Electrical Safety Authority Due Diligence Inspections (DDI)* and *Reports of Public Safety Concerns*.

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

Results				Target
Number of Incidents	km of Line	Rate Default Value	Serious Incident Index	Serious Incident Index
0	691	100	0.000	0.000

For the reporting period, Kingston Hydro did not have any serious electrical incidents.

System Reliability

Both of the target scores for System Average Interruption Duration Index (SAIDI) of 1.17 hours and System Average Interruption Frequency Index (SAIFI) of 0.74 were exceeded in 2023.

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

Kingston Hydro tracks all electricity outages and strives to reduce the length of time they affect customers. The average of 1.17 hours on the scorecard includes both planned interruptions necessary to conduct work safely (0.10 hours) and unplanned/emergency power disruptions (1.07 hours). Our result of 1.17 is better than the distributor target of 1.19.

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

On this measure, the average of 0.74 includes both planned interruptions (0.23) and unplanned interruptions (0.51). Our result of 0.74 is better than the distributor target of 1.01.

Loss of Supply from Upstream Transmission Network was the leading factor in forced outages. Three Loss of Supply outages occurred in 2023, causing a total of 55,613 customer-hours of interruptions or 63 per cent of the total customer-hours of interruptions. Loss of Supply categorizes the power outages caused by upstream transmission systems that are out of the control of Kingston Hydro. These outages were excluded from Kingston Hydro’s reliability calculations.

Foreign Interference (0.84 hours) and Defective Equipment (0.17 hours) were the primary causes of interruptions in 2023. The outage caused by a customer cable fault accounted for 0.70 hours or 83 per cent of interruptions by Foreign Interference.

Recognizing the importance of system reliability, Kingston Hydro strives to improve these areas for 2024 and beyond. The utility remains focused on proactive tree trimming, preventative inspection, and infrastructure renewal programs.

Asset Management

• Distribution System Plan Implementation Progress

Kingston Hydro filed a Cost of Service rate application in 2022 for new rates effective Jan 1, 2023. Included with the Cost of Service application was a 5 year Distribution System Plan (DSP) for the 2023-2027 timeframe.

Kingston Hydro's 2023 budget was approved in the OEB Decision and Order (EB-2022-0044) issued November 2022. Table 1 summarizes the capital expenditure analysis by OEB Category with respect to the November 2022 OEB approved budget.

Table 1 – Capex Analysis – November 2022 OEB Approved Budget

Investment Category	\$Actual (A)	\$Forecast (B)	\$Variance (C)	%Variance (D)	% Actual Category wrt Forecast Gross Capex (E)	% Forecast Category wrt Forecast Gross Capex (F)	%Variance Category wrt Forecast Gross Capex (G)
System Access	\$ 1,103,619	\$ 1,082,500	\$ 21,119	2.0%	32.9%	32.2%	0.6%
System Renewal	\$ 2,028,969	\$ 1,420,000	\$ 608,969	42.9%	60.4%	42.3%	18.1%
System Service	\$ 216,522	\$ 75,000	\$ 141,522	188.7%	6.4%	2.2%	4.2%
General Plant	\$ 270,999	\$ 782,000	-\$ 511,001	-65.3%	8.1%	23.3%	-15.2%
Gross Capex	\$ 3,620,109	\$ 3,359,500	\$ 260,609	7.8%	107.8%	100.0%	7.8%
Capital Contributions	\$ 357,358	\$ 270,000	\$ 87,358	32.4%	10.6%	8.0%	2.6%
Net Capex	\$ 3,262,751	\$ 3,089,500	\$ 173,251	5.6%	97.1%	92.0%	5.2%

Calculation Notes:

C = A - B

D = C/B x 100%

E = A/(Gross Capex Forecast)

F = B/(Gross Capex Forecast)

G = E-F

The following discussion is based on a review of the variances with respect to the November 2022 OEB approved budget summarized in Table 1 above.

The **System Access variance** of 2 per cent (\$21,119) between the actual and forecast amount is attributed to a combination of inflationary increases and an increase in new development connections. The additional expenditures for this category represent a 0.6 per cent variance with respect to the Gross Capex Forecast amount in Table 1.

The **System Service variance** of 188.7 per cent (\$141,522) between the actual and forecast amount is partially attributed to the need to undertake an additional project involving the replacement of electromechanical relays with microprocessor relays at Substation MS7. Kingston Hydro originally planned to defer this work to a future year, but staff had to fast track this work after the electromechanical relay protection for one of the 5kV feeders at MS7 failed in Q1 of 2023. Another contributing factor to the System Service variance includes final costs of two 13.8kV voltage conversion projects; the forecast for these projects was incorrectly allocated to System Access in the 2023 budget but correctly allocated to System Service in the 2023 actual costs. The additional expenditures for this category represent a 4.2 per cent variance with respect to the Gross Capex Forecast amount in Table 1.

The **General Plant variance** of -65.3 per cent (-\$511,001) between the actual and forecast amount is attributed to deferral and savings in the implementation of new business system applications. The reduced expenditures for this category represent a -15.2 per cent variance with respect to the Gross Capex Forecast amount in Table 1.

The **System Renewal variance** of 42.9 per cent (\$608,969) between the actual and forecast amount is attributed to inflationary and supply chain issues which forced Kingston Hydro to reprioritize some of its system renewal work. The additional expenditures for this category represent an 18.1 per cent variance with respect to the Gross Capex Forecast amount in Table 1.

In August 2023, the Kingston Hydro Board amended the 2023 capital budget due to the impact of supply chain and inflationary factors that were beyond the control of Kingston Hydro. One of the reasons for increasing the overall budget and to reprioritize capital projects was to ensure that capital work that was deferred in 2022 due to supply chain issues could be advanced in 2023. Table 2 summarizes the capital expenditure analysis by OEB Category with respect to the August 2023 amended budget.

Table 2 – Capex Analysis – August 2023 Amended Budget

Investment Category	\$Actual (A)	\$Forecast (B)	\$Variance (C)	%Variance (D)	% Actual Category wrt Forecast Gross Capex (E)	% Forecast Category wrt Forecast Gross Capex (F)	%Variance Category wrt Forecast Gross Capex (G)
System Access	\$ 1,103,619	\$ 1,555,212	-\$ 451,593	-29.0%	30.4%	42.8%	-12.4%
System Renewal	\$ 2,028,969	\$ 1,614,744	\$ 414,225	25.7%	55.8%	44.4%	11.4%
System Service	\$ 216,522	\$ 182,746	\$ 33,776	18.5%	6.0%	5.0%	0.9%
General Plant	\$ 270,999	\$ 282,014	-\$ 11,015	-3.9%	7.5%	7.8%	-0.3%
Gross Capex	\$ 3,620,109	\$ 3,634,716	-\$ 14,607	-0.4%	99.6%	100.0%	-0.4%
Capital Contributions	\$ 357,358	\$ 270,000	\$ 87,358	32.4%	9.8%	7.4%	2.4%
Net Capex	\$ 3,262,751	\$ 3,364,716	-\$ 101,965	-3.0%	89.8%	92.6%	-2.8%

Calculation Notes:

C = A - B

D = C/B x 100%

E = A/(Gross Capex Forecast)

F = B/(Gross Capex Forecast)

G = E-F

The following discussion is based on a review of the variances with respect to the August 2023 amended budget summarized in Table 2.

The **System Access variance** of -29 per cent (-\$451,593) is attributed to uncertainty of the timing of new development connections due to customer delays and supply chain issues such as new revenue meters. The reduced expenditures for this category represent a -12.4 per cent variance with respect to the Gross Capex Forecast amount in Table 2. Kingston Hydro reprioritized its capital work to accommodate additional System Renewal work in Q4 of 2023 once it became apparent that some System Access projects would be deferred to 2024.

The **System Service variance** of 18.5 per cent (\$33,776) between the actual and amended budget amount in Table 2 is less than the variance reported in Table 1. The reduced variance in Table 2 is attributed to the amended budget which now includes an amount for the MS7 relay replacement project. The expenditures for this category represent a 0.9 per cent variance with respect to the Gross Capex Forecast amount in Table 2.

The **General Plant variance** of -3.9 per cent (-\$11,015) between the actual and forecast amount in Table 2 is less than the variance

reported in Table 1. Staff did their best to predict year-end expenditures on new business systems. The reduced expenditures for this category represent a -0.3 per cent variance with respect to the Gross Capex Forecast amount in Table 2.

The **System Renewal variance** of 25.7 per cent (\$414,225) between the actual and forecast amount in Table 2 is less than the variance reported in Table 1. As noted above, staff faced many capex challenges in 2023 due to inflation and supply chain issues. As a result, the unplanned deferral of system access and general plant projects in the first half of the year forced staff to reprioritize capital work and increase the amount allocated to system renewal work in the second half of the year. The additional expenditures for this category represent an 11.4 per cent variance with respect to the Gross Capex Forecast amount in Table 2.

Kingston Hydro considers the total actual capital expenditures for 2023 to be “on track” based on a Gross Capex variance of -0.4 per cent (-\$14,607) with respect to the August 2023 amended budget in Table 2. As noted above, the ability to complete some Capex work was often beyond the control of Kingston Hydro but staff did their best to monitor and reprioritize capital work throughout the year, especially in Q4, when staff determined that some capital work would be delayed or deferred due to supply chain issues and/or slippage in customer schedules.

Cost Control

- **Efficiency Assessment**

- Kingston Hydro manages its costs successfully to help ensure customers receive value for the cost of the service. Utilities’ total costs are evaluated to produce a single efficiency ranking. Total costs for Ontario LDCs are evaluated by the Pacific Economics Group on behalf of the OEB to divide LDCs into five groups, depending on the difference between their predicted and their actual costs.
- Kingston Hydro is pleased to report that in 2023, Kingston Hydro has remained in efficiency assessment Group 2, which is above-average efficiency, meaning Kingston Hydro’s actual costs are more than 10 per cent below expected costs for the 3-year period 2021-2023.
- Kingston Hydro’s total costs in 2023 were 9.5 per cent higher than 2022. This compares to an industry average increase of 13.1 per cent. Kingston Hydro’s capital costs increased 15.2 per cent while OM&A increased 2.3 per cent.
- Kingston Hydro’s total costs in 2023 were 15 per cent under expected costs compared to an industry average of 14 per cent under expectations. Costs related to infrastructure renewal and system access to facilitate new customer connections continue to be the focus of where funds are spent.
- For the three-year period 2021 through 2023, Kingston Hydro’s actual costs have been less than predicted by an average of 12.9 per cent, compared to an average of 13.3 per cent for the industry.

- Kingston Hydro will continue to manage its expenditures to ensure efficiencies will be achieved and continues to work toward maintaining a Group 2 Efficiency Assessment.

- **Total Cost per Customer**

Total cost per customer is the sum of all the capital and operating costs incurred by Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total number of customers.

Kingston Hydro's average total cost per customer in 2023 of \$671 increased 9.3 per cent from 2022 compared to an industry average of an increase of 12.6 per cent.

Total operating, maintenance and administrative expenses per customer for Kingston Hydro in 2023 was \$284 per customer, an increase of 1.6 per cent over the 2022 amount of \$279 per customer. The industry average increase for OM&A per customer for 2023 was 4.3 per cent. Kingston Hydro remains an efficient, low-cost, low-rate electricity distributor compared to other Ontario electricity distributors.

- **Total Cost per km of Line**

Total cost per km of line is the sum of all the capital and operating costs incurred by Kingston Hydro to provide service to its customers, divided by Kingston Hydro's total kilometres of line.

Kingston Hydro's result for 2023 is \$27,431 per kilometre of line, compared to the 2022 cost of \$24,873.

Kingston Hydro's 2023 Cost of Service rate application has outlined capital and operating cost estimates for the 2023 through 2027 period.

Connection of Renewable Generation

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

The OEB's filing requirement to report on Connection Impact Assessments (CIA) completed on time was eliminated from the Reporting and Record-keeping Requirements (RRR) during 2021. As such the scorecard does not include CIAs completed on time during 2023.

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

In 2023, Kingston Hydro connected 11 micro-embedded generation facilities, all within the required timeframe established by the OEB.

Financial Ratios

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

A common way of measuring the financial health of a company is through financial ratios.

This first ratio measures whether or not the utility has enough resources (assets) on hand at a particular point in time to pay the debts that could become due over the next 12 months. Kingston Hydro's Current Ratio is at 1.72:1.00 compared to 1.73:1.00 in 2022, as at December 31, 2023. This indicates that for every \$1.00 of short-term liabilities due, Kingston Hydro has \$1.72 of assets available to fund those payments.

This ratio will fluctuate somewhat on a year-to-year basis but is expected to remain within the range of 1.4:1.0 to 1.9:1.0.

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

This measures the degree to which the utility is leveraging itself through its use of borrowed money.

The OEB uses a deemed capital structure (debt: equity) of \$1.50 to \$1.00. This means that for \$1.00 invested in infrastructure, the company's deemed regulatory capital financing structure is 60 per cent funding with new debt and 40 per cent with available cash. Kingston Hydro's debt: equity ratio is \$1.00 to \$1.00. This means that for every \$1.00 the company has invested in assets, 50.0 per cent (2022 – 51.2 per cent) has been funded with debt and 50.0 per cent (2022 – 48.8 per cent) has been funded with equity. Kingston Hydro continues to monitor this ratio to ensure it stays at or below \$1.50:1.00.

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

Return on equity is the rate of return that the utility is allowed to earn through its distribution rates, as approved by the OEB. Kingston Hydro's current approved deemed return on equity for 2023 was 9.36 per cent, which was awarded in its 2023 Cost of Service proceeding.

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

This shows the utility's actual return on equity earned each year for the period 2019 through 2023. Kingston Hydro achieved a return on equity of 7.92 per cent for 2023, less than the deemed rate by 1.44 per cent due to inflationary costs that were higher than expected.

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.