

Scorecard - Lakeland Power Distribution Ltd.

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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	89.61%	89.90%	90.81%	90.21%	93.38%	⬆️	65.00%		
	Customer Satisfaction	First Contact Resolution	99.97	99.97%	99.96%	99.96%	99.93%				
		Billing Accuracy	99.94%	99.92%	99.92%	99.64%	99.92%	⬇️	98.00%		
		Customer Satisfaction Survey Results	75.5	77%	77%	77%	75%				
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	83.80%	82.40%	82.40%	82.60%	82.60%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	➡		0
	Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	0.000	➡		0.000	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.29	5.79	2.62	3.84	1.30	⬇️		1.81	
		Average Number of Times that Power to a Customer is Interrupted ²	0.66	1.40	1.48	1.30	0.66	⬇️		0.85	
	Asset Management	Distribution System Plan Implementation Progress	In Progress	In Progress	In Progress	In Progress	In Progress				
	Cost Control	Efficiency Assessment	2	2	2	2	2				
		Total Cost per Customer ³	\$730	\$718	\$715	\$795	\$893				
		Total Cost per Km of Line ³	\$28,074	\$28,361	\$27,856	\$29,642	\$33,833				
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							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.69	1.58	0.92	1.31	0.72				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.18	1.24	1.14	1.15	1.33				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	8.98%			
			Achieved	11.51%	6.07%	12.06%	11.82%	11.02%			

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 2016 Scorecard MD&A:

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

Scorecard MD&A - General Overview

- 2023 saw the continuance of meeting or exceeding most targets for the performance indicators for Lakeland Power Distribution Ltd. (LPDL). LPDL’s internal drivers continue to focus on safety and customer service including reliability. Capital projects focus on the improvement of the distribution system leading to system reliability while customer service focus is on improved customer interaction all while managing costs.

Service Quality

• New Residential/Small Business Services Connected on Time

In 2023, LPDL connected 100% (245 of 245) of 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). This is the same achievement as the previous year and above the OEB-mandated threshold of 90%. This achieved standard is the result of improved tracking and scheduling systems. LPDL continues to update our work process and management system to maintain the OEB mandated threshold.

• Scheduled Appointments Met On Time

LPDL scheduled 708 appointments with its customers in 2023 to complete work requested by customers, read meters, reconnect, or otherwise necessary to perform. LPDL met 100% of these appointments on time which significantly exceeds the industry target of 90% and is the same achievement as the previous year. This can be attributed to a continued commitment to maintain the industry target by continuing to update our work management systems and work processes.

• Telephone Calls Answered On Time

In 2023, LPDL’s customer contact center agents received just over 9,000 calls from its customers, an average of 35 calls per working day. 93.38% of these calls were answered by an agent in 30 seconds or less, which is a 3.5% increase over the previous year (at 90.21%). This result continues to significantly exceed the OEB-

mandated target of 65%. LPDL has seen success in promoting online self-serve features, internal process improvements and increased customer preference to contact LPDL via email.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors. The OEB continues to review information provided by electricity distributors to implement a commonly defined measure for these areas in the future.

For LPDL, First Contact Resolution was measured based on calls taken and emails received by customer contact center agents, calls elevated to a supervisor for response and OEB complaints logged by customers. In 2023, LPDL customer contact center agents answered over 11,100 customer inquiry calls and emails. In 2023, only 8 inquiries were escalated to a supervisor for response when the customer was not satisfied with the CSR's response, an increase of 3 from the prior year. Although it is recognized that some of the inquiries are customers making contact more than once about a given inquiry, the limited number of escalated calls equates to a reported First Contact Resolution of 99.93%. LPDL will strive for continued success with First Contact Resolution by identifying areas in customer service improvements through our Customer Service Surveys.

- **Billing Accuracy**

In 2023, LPDL issued more than 175,250 bills and achieved a billing accuracy of 99.92%, a 0.3% increase from the previous year. LPDL continues to monitor its billing accuracy results and processes to identify opportunities for improvement to continue to achieve a result higher than the prescribed OEB target of 98%.

- **Customer Satisfaction Survey Results**

For more than ten years now, LPDL has engaged a third party to conduct biennial customer satisfaction surveys. These customer satisfaction surveys provide information that supports discussions surrounding improving customer service at all levels and departments within LPDL. The survey asks customers questions on a wide range of topics, including: overall satisfaction with LPDL, power quality and reliability, billing accuracy, payment options, customer service experience, communication options, understanding of bills and prices, bill cost impacts and satisfaction with overall power grid. In addition, LPDL provides input to this third party to enable them to develop questions that will aid in gathering data about customer expectations and needs. This data is then incorporated into LPDL's planning process and forms the basis of plans to improve customer satisfaction and meet the needs of customers. The final report on these customer satisfaction surveys evaluates the level of customer satisfaction and identifies areas of improvement. It also helps to identify the most effective means of communication. LPDL's 2023/2024 survey reported an overall Customer Satisfaction Index Score of 75%. LPDL will continue to use the survey results to identify additional improvement opportunities.

Safety

- **Public Safety**

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

Beginning in 2018, a provincial standardized survey was conducted that focused on public awareness relating to electrical incidents involving utility equipment that had most frequently occurred in Ontario in the last decade. LPDL's 2022/2023 survey resulted in a Public Safety Awareness Index Score of 82.6% indicating that a large percentage of LPDL's customers are very aware of electrical safety. LPDL's 2022/2023 Public Safety Awareness Index Score showed a 0.24% increase over the previous survey conducted in 2020. This survey will be conducted biennially and LPDL strives to continually improve this score through customer engagement, school safety presentations and website information.

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

In 2023, the annual audit was completed by the Electricity Safety Association (ESA) for LPDL. The result of the audit was that LPDL was compliant with Ontario Regulation 22/04 and has been for the past 13 years. LPDL will continue this trend.

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

For 2023, LPDL continued its trend of zero Serious Electrical Incidents. LPDL has experienced zero incidents over the past 13 years and is expecting to continue this trend through safety awareness training for staff and the public.

System Reliability

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

LPDL's average number of hours that power to a customer is interrupted (i.e. duration) of 1.30 in 2023 is a significant decrease from 2022's average of 3.84. LPDL did not experience any major event storms in 2023 luckily, the lowest in 4 years, even though storms tend to be increasing in severity and incurring damage to equipment. LPDL's continued investments into new technologies such as SCADA, truck tracking, and mobile devices will continue to improve our response times and reporting accuracy within the set guidelines. LPDL's SPIDACALC software works in conjunction with our construction standards to ensure any new capital builds meet the current construction standards. LPDL's tree trimming cycle has been enhanced to a 6-year cycle thus maintaining or lowering outages caused by tree contact in our heavily forested service territory. LPDL will continue to invest in system renewal projects which identify and replace old, aging assets. LPDL continues to upgrade and implement our SCADA system by investing in reclosers, communication infrastructure and line sensor technology which help to identify and respond to outages more quickly and reduce restoration resources. Line sensor technology will improve grid efficiency and stabilize voltages which assist in reporting and locating outages

as well.

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

LPDL's average number of times that power to a customer is interrupted (i.e., frequency) of 0.66 in 2023 is another decrease from 2022's average of 1.30. LPDL did not experience any major event storms in 2023 luckily, the lowest in 3 years, even though storms tend to be increasing in severity and incurring damage to equipment. LPDL will continue investments into new technologies such as SCADA, truck tracking, and mobile devices that will aid in decreasing our interruption times and improving our reporting accuracy within the set guidelines. LPDL tree trimming cycle has been enhanced to a 6-year cycle thus maintaining or lowering outages caused by tree contact in our heavily forested service territory. LPDL continues to base its capital projects on customer needs, end of life assets as well as maintaining a safe and reliable delivery of electricity.

Asset Management

- **Distribution System Plan Implementation Progress**

LPDL is currently updating its Distribution System Plan which will be submitted this fall as part of its 2025 Cost of Service rate application. LPDL's most recent completed DSP was submitted with the Cost of Service application filed in September 2018 and was approved for rates effective May 1, 2019.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2016 LPDL was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. However, in 2017, LPDL's rank improved and was moved to Group 2 which is defined as having actual costs that average 10%-25% below predicted costs. LPDL has maintained this Group 2 ranking again in 2023 for a seventh consecutive year. Group 2 is considered "more efficient" – in other words, LPDL's costs are better/within the average cost range for distributors in the Province of Ontario. In 2023, 59% (32 distributors) of the Ontario distributors were ranked as "more efficient"; 32% (17 distributors) were ranked as "average efficiency"; and 9% (5 distributors) were ranked as "least efficient". LPDL continues to focus on improving cost savings and efficiencies in order to maintain their rank within the "more efficient" group.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of LPDL's capital and operating costs divided by the total number of customers that LPDL serves. The cost performance result for 2023 is \$893/customer which is a 12.3% increase from 2022. LPDL's Total Cost per Customer increased due to distribution system and station maintenance for issues identified through increased inspections and infrared scanning program; inflationary increases on raw material/equipment specifically

transformers; and increased capital expenditures for Bell's Fiber to the Home expansion.

- **Total Cost per Km of Line**

This measure used the same total cost that is used in the Cost per Customer calculation above. The Total cost is divided by the kilometers of line that LPDL operates to serve its customers. LPDL's 2023 rate is \$33,833 per km of line, a 14.1% increase from 2022. For the same indications as Total Cost per Customer discussion above, km of line remained at 385 kms while costs would have been burdened with inflationary pressure and increased repairs as noted above. Cost per Km of line will increase with inflationary pressures, however, LPDL continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

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. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

LPDL's current ratio decreased from 1.31 in 2022 to 0.72 in 2023, due to the reclassification of long term debt to current debt in 2023. LPDL continues to work hard to improve its current ratio through improved receivable and cash management, however these are unprecedented times and costs are rising exponentially to rate changes.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to 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 high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure.

The indicator of 1.33 in 2023 is a representation of total debt in relation to equity. This position is managed through improved cash management, cost efficiencies and capital stability. While LPDL continues to work on moving towards a 1.5 ratio through refinancing, LPDL retains a potential opportunity for borrowing funds for innovation and Smart Grid projects for the future as well as to hedge for unexpected costs such as those experienced in this unprecedented time.

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

LPDL's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.98%. 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's revenues and costs structure by the OEB.

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

LPDL's return achieved in 2023 was 11.02%, which is 2.04% above our deemed ROE, thus within the +/-3% range allowed by the OEB.

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.