Scorecard - Milton Hydro Distribution Inc.

9/22/2025

Performance Outcomes	Performance Categories	Measures		2020	2021	2022	2023	2024	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		100.00%	100.00%	100.00%	100.00%	100.00%	flat	90.00%	
		Scheduled Appointments Met On Time		100.00%	100.00%	100.00%	100.00%	100.00%	flat	90.00%	
		Telephone Calls Answered On Time		73.17%	76.24%	78.84%	85.92%	89.59%	up	65.00%	
	Customer Satisfaction	First Contact Resolution		Compliant	Compliant	Compliant	97.95	97.73			
		Billing Accuracy		100.00%	99.99%	99.98%	99.91%	99.97%	down	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		82.00%	82.00%	80.00%	80.00%	83.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	flat		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	flat		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.348	0.000	flat		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		1.52	0.76	0.76	0.42	0.98	down		0.84
		Average Number of Times that Power to a Customer is Interrupted [2]		1.15	0.57	0.66	0.62	0.89	down		0.67
	Asset Management	Distribution System Plan Implementation Progress		on track	na	na	On Track	On Track			
	Cost Control	Efficiency Assessment		2	2	1	1	1			
		Total Cost per Customer [3]		$682	$683	$738	$816	$840			
		Total Cost per Km of Line [3]		$10,157	$10,221	$11,057	$12,314	$12,630			
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%	flat	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		1.65	0.80	1.36	1.39	1.46			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.37	1.27	1.14	1.19	1.18			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	8.66%	8.66%			
			Achieved	6.86%	7.41%	4.36%	10.66%	10.96%			

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

Appendix A – 2024 Scorecard Management Discussion and Analysis ("2024 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 2024 Scorecard MD&A:

https://www.oeb.ca/oeb/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

Milton Hydro Distribution Inc. ("Milton Hydro") has proudly delivered safe, reliable, and efficient electricity services to the Town of Milton for over 100 years. In 2024, Milton Hydro continued to advance the strategic direction outlined in its 2023 Cost of Service ("CofS") application, focusing on four key pillars: (i) future-ready the business, (ii) build a customer-centric organization, (iii) maximize through an enterprise approach, and (iv) drive profitability and sustainable growth.

These strategic priorities align with Milton Hydro's broader objectives of modernization, operational resiliency, and customer value, positioning the utility to meet the challenges of Ontario's evolving energy landscape. Milton Hydro remains committed to delivering a reliable, sustainable, and electrified future through ongoing innovation, investment, and leadership.

In 2024, Milton Hydro met or exceeded all Ontario Energy Board ("OEB") performance targets, with the exception of reliability, which is discussed further below.

Milton Hydro's system reliability declined in 2024 as compared to its OEB Target. Milton Hydro's average number of hours a customer experienced a power outage was 16.39% higher than target and its average number of times a customer experienced a power outage was 32.38% higher than target.

Milton Hydro's system reliability also declined 2024 in as compared to its own five-year average performance from 2019-2023. Milton Hydro's average number of hours a customer experienced a power outage was 28.77% higher and the average number of times a customer experienced a power outage was 24.19% higher than its five-year average from 2019-2023[1].

Milton Hydro's asset management program continues to evolve and the company's proactive investments to replace aged and defective equipment are growing and Milton Hydro has accelerated its tree trimming program to help reduce outages in the rural areas of the Town of Milton. Impacts due to adverse weather have improved significantly as well due to the implementation of a new emergency response protocol and process which has significantly improved response times during storms and adverse weather.

The implementation of the OEB's policy requirements of the Vulnerability Assessment and System Hardening ("VASH") program will provide more data & insights into advancing the Company's asset management program to make Milton Hydro's distribution system more resilient which will enable further improvements to Milton Hydro's system reliability metrics

Rates

Milton Hydro's electricity distribution rates are regulated and approved annually by the OEB under the OEB's Price Cap Incentive Rate-setting method. Through this method, utilities are required to file a CoS every five years, which sets base rates based on a detailed review of historical capital and operating expenditures and forward-looking forecasts. The remaining four year's rates are set using the OEB's Incentive Rate Mechanism ("IRM") process, which applies an inflation factor minus an efficiency "stretch factor" designed to incentivize productivity improvements across the sector.

Milton Hydro filed its most recent CoS application in 2023, setting base rates for the 2023 rate year and establishing its DSP for the 2023–2027 planning horizon. Milton Hydro filed its 2025 IRM rate application on August 15, 2024, and received a final OEB Decision approving its 2025 electricity distribution rates on December 12, 2024.

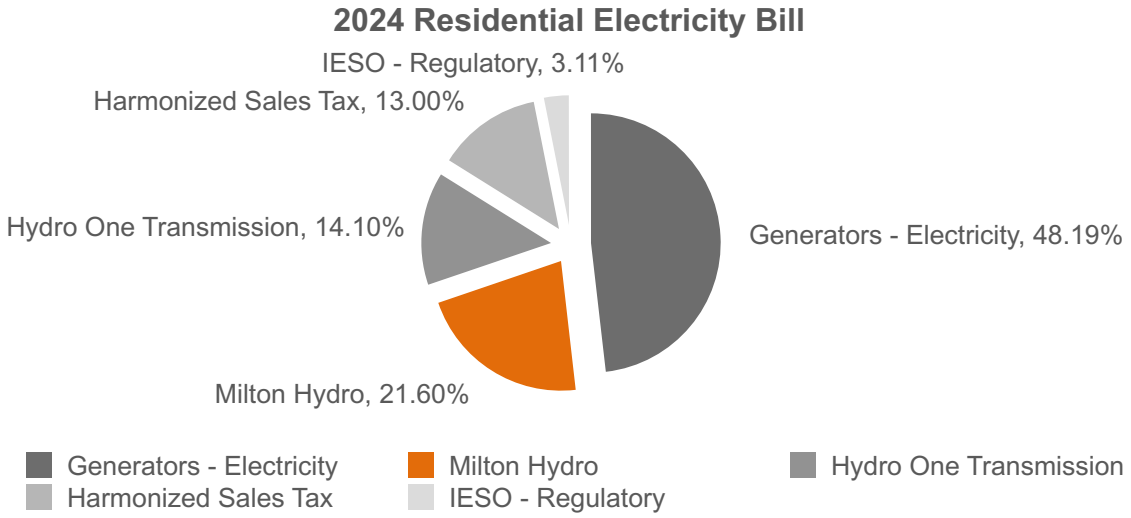
[1] Milton Hydro compares its performance against its own five year average from 2019 to 2023 as there is inadequate granularity of data in its target from the 2023 – 2027 DSP to make meaningful comparisons and provide adequate explanations.

Customer Billings

Milton Hydro is responsible for delivering safe, reliable electricity within the Town of Milton. While Milton Hydro issues invoices for all components of the electricity bill, it controls only a portion of the total amount charged. In 2024, Milton Hydro's Distribution Charges represented approximately 21.60% of the average Residential customer's total bill, and 18.00% for a typical General Service <50 kW customer.

The remaining charges on the bill (i.e. 78.40% for the average residential customer), are collected by Milton Hydro on behalf of generators ("electricity"), transmitters ("high voltage tower lines"), and the Independent Electricity System Operator ("IESO"). Generator energy prices are established through both contract prices and the competitive electricity market, and the IESO and transmitters each have their rates set by the OEB.

The following pie chart sets out Milton Hydro's share of an average monthly Residential Hydro Bill.



In 2024, Milton Hydro operated and maintained its entire distribution system, including poles and attachments, overhead and underground conductor, transformers, meters, operations and maintenance, billing and collections, and administration for an average cost of **$1.15 per day per residential customer**. Milton Hydro's share of the bill is used to build new power lines with smart technology; purchase equipment such as vehicles and computers; and support the operations, maintenance, and administration of the distribution system to maintain peak efficiencies in operations.

Over the years Milton Hydro has tightly controlled it's spending, keeping its share of the total residential bill low; however, this approach created challenges as both the Town of Milton and Milton Hydro continued to grow. Milton Hydro has been operating as a small-sized electricity distributor up until the end of 2020. The new leadership team has been working to transform the utility into a large-sized, customer-centric, digitally modern company, to ensure its operations are sustainable going into the next decade as Milton Hydro continues to grow.

Beginning in 2021, Milton Hydro initiated a multi-year transformation of the Company to evolve from a small-sized utility to a modern, customer-centric, large-sized distributor. Key milestones in 2023 and 2024 included:

- Strategic investments in staffing and internal capabilities;
- Procurement of a modern Enterprise Resource Planning ("ERP") system;
- Launch of a new invoice design, improving billing transparency;
- Transition to a new settlement provider; and
- Implementation of an OMNI Channel customer engagement platform, enabling multi-channel support and self-service.

These initiatives reflect Milton Hydro's commitment to delivering high value for money, improving customer experience, and enhancing efficiency through automation and digital modernization. Milton Hydro remains focused on operational efficiency, cost control, and delivering value in a sector characterized by increasing complexity and regulatory oversight. Investments made today will enable the utility to meet growing customer expectations and ensure a sustainable, modern distribution system for years to come.

Service Quality

New Residential/Small Business Services Connected on Time

Milton Hydro connected 100.00% of 790 new residential and small business customers (connections under 750 volts) within five business days, meeting the OEB prescribed service level and exceeding the regulatory target of 90.00%.

This continued performance reflects Milton Hydro's commitment to operational efficiency and customer service excellence. Timely connections support customer satisfaction, enable economic development, and are achieved through coordinated internal processes and proactive planning with customers, contractors, and local developers.

Scheduled Appointments Met On Time

Milton Hydro received 612 customer appointment requests related to meter reads, service reconnects, and other operational activities. Milton Hydro successfully met 100.00% of these appointments on time, maintaining a consistent record of exceeding the OEB performance target of 90.00%. This result reflects the utility’s continued operational discipline and commitment to being customer centric.

Telephone Calls Answered On Time

Milton Hydro received 29,569 inbound customer calls, averaging 119 calls per business day. Customer Service Representatives answered 89.59% of these calls within 30 seconds, an improvement of 4.65% over 2023, and well above the OEB target of 65.00%. Milton Hydro achieved these service level improvements despite a 10.90% increase in call volumes to the contact centre compared to the previous year. This success was enabled by reductions in average call duration and hold times, coupled with the successful deployment of a new OMNI Channel customer engagement platform.

The recent increase in call volume can be attributed to recent enhancements to Milton Hydro's bill print, which have prompted customer inquiries as they adapt to the updated format; postage delays impacting the timely delivery of bills caused by the postal strike; and a noticeable rise in requests for payment arrangements, which has further contributed to the overall call volume.

The 2.0 OMNI Channel Customer Service Transformation has enhanced our Customer Service Representatives' ("CSRs") visibility into real-time performance metrics, improved schedule adherence, and streamlined call handling processes, all of which contributed to greater operational efficiency and improved customer responsiveness.

The new OMNI Channel customer engagement platform has also enhanced customer engagement across multiple key areas, including:

- **360° Customer View:** Our representatives now have an even more comprehensive view of customer interactions for quicker, more personalized service.
- **AI Virtual Assistant:** Our AI assistant is available 24/7 on our website and through our phone to resolve common inquiries about outages, accounts, and billing.
- **Proactive Outage Notifications:** Customers can stay informed with real-time updates through posts on X (Twitter), our Outage Map, and through our phone system, and our AI Virtual Assistant on the website.
- **Expanded Self-Service Options:** Customers can take control of their account and monitor energy consumption with ease by checking billing and payment through the AI Virtual Assistant and our automated phone system at any time of the day.

This modern, customer-centric platform is a significant milestone in Milton Hydro's transformation journey, enhancing how customers interact with the utility. The success of this initiative was also recognized within the industry, as Milton Hydro received the Customer Service Excellence Award from the Electricity Distributors Association ("EDA"). This recognition celebrates our commitment to innovation and our dedication to delivering exceptional customer experiences. Looking ahead, Milton Hydro plans to launch SMS notifications for outages in 2025, in response to customer feedback requesting timely and inclusive communication.

Customer Satisfaction

First Contact Resolution

Milton Hydro defines First Contact Resolution ("FCR") as the percentage of customer inquiries resolved by a Customer Service Representative during the initial contact, without requiring escalation or follow-up.

While methodologies for measuring FCR vary among electricity distributors, Milton Hydro applies a consistent approach using its Customer Information System ("CIS"). Calls requiring escalation or second contact are tracked separately using dedicated codes.

Milton Hydro received 132 customer complaint calls, of which 129 were resolved on first contact, achieving a FCR rate of 97.73%. This performance reflects Milton Hydro's continued emphasis on responsive service and operational efficiency.

Billing Accuracy

Milton Hydro issued 533,476 customer bills. Of these, 157 required corrections, resulting in a billing accuracy rate of 99.97%, exceeding the OEB target of 98.00%.

This performance is supported by Milton Hydro's internal quality assurance practices, including automated consumption and dollar-value exception reports that identify potential anomalies before bills are issued. These controls help ensure billing accuracy remains consistently near 100.00%, minimizing the need for billing corrections.

Customer Satisfaction Survey Results

The OEB requires that electricity distributors conduct a biennial Customer Satisfaction Survey to measure and report on, at a minimum, the following key areas: (i) power quality and reliability; (ii) price; (iii) billing and payment; (iv) communications; and (v) the customer service experience. While all electricity distributors are required to report the results of their customer satisfaction surveys, the OEB allows electricity distributor's discretion as to how they collect this information. The intent is to ensure utilities proactively assess and respond to customer needs and expectations.

In the Fall of 2023, Milton Hydro engaged UtilityPULSE to conduct its fifth Customer Satisfaction Survey, collecting actionable and measurable feedback from 423 residential, small business, and commercial customers through a hybrid approach combining telephone and online surveys. The survey results reflect customer perceptions across multiple performance dimensions, including reliability, service quality, value, and communication.

Milton Hydro earned an overall ‘A’ rating on the UtilityPULSE Report Card, with a **customer satisfaction score of 90.00%**, a modest decline from 93.00% in 2021. This decrease aligns with broader trends observed across Ontario and nationally.

The 2023 survey results are shown in the table below.

Milton Hydro's UtilityPULSE Report Card®				
Category		Milton Hydro	National	Ontario
1	**Customer Care**	B	B+	B+
	Price and Value	B	B+	B
	Customer Service	B+	B+	B+
2	**Company Image**	B+	B+	B+
	Company Leadership	B+	B+	B+
	Corporate Stewardship	B+	B+	B+
3	**Management Operations**	A	A	A
	Operational Effectiveness	A	A	A
	Power Quality and Reliability	A	A	A
	OVERALL	A	A	A

The survey results confirm that customers value Milton Hydro's performance in delivering reliable electricity, offering accessible and knowledgeable customer service, proactively communicating updates, and resolving issues efficiently.

Customer insights from the survey are integrated into Milton Hydro's planning cycle and inform the development of targeted communications strategies and service enhancements. These initiatives reflect Milton Hydro's ongoing commitment to meeting evolving customer expectations and reinforcing trust in utility service delivery.

Milton Hydro plans to conduct its next Customer Satisfaction Survey in fall 2025, in accordance with the OEB's reporting timeline. Survey insights are incorporated into corporate planning processes and inform communication strategies and service improvement initiatives.

Safety

Public Safety

Component A – Public Awareness of Electrical Safety

The OEB requires that electricity distributors conduct a biennial Standardized Scorecard Public Awareness of Electrical Safety Questionnaire to assess public understanding of electrical safety risks. In spring 2024, Milton Hydro engaged UtilityPULSE to conduct its fifth biennial safety survey, targeting residents of the Town of Milton. This initiative supports Milton Hydro's corporate value of "Safety Above All Else" and was completed in accordance with OEB guidelines. The results are used to identify key areas of opportunity where Milton Hydro can strengthen public awareness and education around electrical safety practices.

Survey invitations were shared through email campaigns, social media, website banners, and a local media press release. The 2024 survey achieved a **Public Safety Awareness Index Score of 83.00%**, an improvement over the 80.00% score in 2022, and within the expected accuracy range (±3%, 19 times out of 20 for 1,000 responses). These results reflect the effectiveness of Milton Hydro's enhanced public education and safety messaging efforts.

The results of the 2024 survey, along with those from previous years, indicate that the majority of respondents possess a good understanding of electrical safety information relating to the six core measurement areas. Results from the most recent survey along with prior year comparators are as follows:

- **Likelihood to "Call Before You Dig"** – 72.00% of respondents said, "definitely or very likely". (2022 - 72.00% / 2020 - 74.00% / 2018 - 71.40% / 2016 - 71.40%). Our results are holding steady year-over-year, but more work is necessary, as it is the law to call first;
- **Impact of touching a powerline** – 97.00% of respondents said, "very dangerous" (2022 - 95.00% / 2020 - 97.00% / 2018 - 95.80% / 2016 - 94.70%). We are approaching the desired 100.00% result for this category;

- **Proximity to overhead powerlines** – 70.00% of respondents said, “3 meters to 6 meters or more” (2022 - 71.00% / 2020 - 83.00% / 2018 - 84.90% / 2016 - 78.70%). The minimum is 3 meters. Our results dipped slightly from our 2022 metrics and significantly from our 2020 benchmark and the stronger returns from 2018, which signals the need for more education of the populace of our service area;
- **Danger of tampering with electrical equipment** – 92.00% of respondents said, “very dangerous” (2022 - 91.00% / 2020 - 85.00% / 2018 - 89.60% / 2016 - 86.20%);
- **Proximity to downed powerlines** – 81.00% of respondents correctly identified “10 meters or more” (2022 - 76.00% / 2020 - 78.00% / 2018 - 81.50% / 2016 - 75.40%). The 10 meters or more, or the length of a school bus, is the safe distance. This question showed a marked increase from our 2022 results; and
- **Actions taken in a vehicle in contact with wires** – 86.00% of respondents correctly responded “stay in vehicle until told safe” (2022 - 75.00% / 2020 - 81.00% / 2018 - 87.30% / 2016 - 85.00%). This is an increase from our 2022 results and demonstrates the success of our focused awareness campaigns among the populace of our service area.

Based on past assessments and recent survey feedback, Milton Hydro has implemented several targeted initiatives, including:

- Partnering with Electricity Safety and Conservation to deliver interactive presentations to Milton and surrounding areas' school students;
- Collaborating with neighbouring utilities to create an electrical safety activity sheet for use in schools and community youth groups;
- Participating in local events such as the Milton Farmers' Market, Community Outreach Bucket Truck Days, and STEM/Career Nights to promote electrical safety to families and youth;
- Implementing a comprehensive, year-long public awareness campaign emphasizing the legal requirement to contact Ontario One Call before any excavation activities, with a concentrated focus on “Dig Safe Month” each April to reinforce this critical safety message;
- Integrating electrical safety content that emphasizes powerline safety into its year-long social media campaigns, storm and outage communications, and website resources, with a concentrated focus during the Electrical Safety Authority’s ("ESA") Powerline Safety Week (May 12–18) to enhance public awareness and promote safe practices; and
- Enhancing self-service tools and resources online to improve accessibility and engagement for all residents.

These efforts reinforce Milton Hydro's commitment to public safety as a core component of its customer service and operational strategy.

Milton Hydro contracted an authorized ESA auditor to perform an annual safety audit of Milton Hydro and the results for 2024 have been provided below under Components B and C.

Component B – Compliance with Ontario Regulation 22/04

Milton Hydro continued to be compliant with Ontario Regulation 22/04: Electrical Distribution Safety. This was achieved by Milton Hydro's strong commitment to safety and adherence to company procedures & policies. Ontario Regulation 22/04 establishes objective based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

Component C – Serious Electrical Incident Index

In 2024, zero (0) serious electrical incidents were reported. This result reflects the efforts of multiple organizations across various sectors to educate both workers and the public on the dangers associated with electricity. Milton Hydro supports the ongoing efforts to educate, inform and raise the general public's and workers' electrical safety awareness.

System Reliability

System reliability refers to the ability of the electricity distribution system to deliver power to customers without interruption. It is a key indicator of service quality and is measured using two industry-standard metrics:

- **System Average Interruption Frequency Index ("SAIFI"):** measures the total length of time, on average, that a customer is without power during a year.
- **System Average Interruption Duration Index ("SAIDI"):** measures the average number of times a customer experiences a power outage over the course of a year.

Tracking SAIDI and SAIFI allows Milton Hydro to assess the effectiveness of its maintenance and investment programs in maintaining a reliable distribution system. Milton Hydro reviews these metrics and makes enhancements to system maintenance and outage responses. Milton Hydro's system reliability for 2024 performance is measured against its target, which is derived from the 2023 to 2027 DSP, and is also compared against its historical five-year average scorecard metrics from 2019 to 2023.

These measures include service interruptions resulting from scheduled outages, and unplanned service interruptions resulting from tree contacts, equipment failure, lightning and weather events, or foreign interference. The SAIDI and SAIFI metrics are adjusted to exclude loss of supply and major events. Loss of supply interruptions result from issues on distribution systems owned or operated by other utilities, or on the transmission system, and are therefore outside of Milton Hydro’s operational control. Major events result from extraordinary occurrences beyond the control of a distributor that cause significant disruptions to the electricity distribution system. Consequently, loss of supply and major events are excluded from the SAIDI and SAIFI metrics to ensure an accurate reflection of Milton Hydro’s own distribution system performance.

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

Milton Hydro's average number of hours that power to a customer was interrupted (i.e. duration) was 0.98 hours per customer during 2024. Milton Hydro's 2024 SAIDI was 16.39% higher than its OEB approved target of 0.84 hours per customer as established in Milton Hydro's 2023 to 2027 DSP and its 2024 SAIDI was 28.77% higher than its own five-year average outage duration per customer from 2019 to 2023 of 0.76 hours per customer.

Milton Hydro experienced increases in the duration of outages in defective equipment, tree contacts, and scheduled outages offset by a reduction in adverse weather driven by a combination of external environmental factors and planned infrastructure renewal activities.

When comparing 2024 data to average data from 2019 to 2023, increases to average duration of customer outages were caused by:

- defective equipment accounted for 79.22% of the total increase,
- scheduled outages accounted for 32.83% of the total increase,
- tree contacts accounted for 27.33% of the total increase,
- partially offset by an improvement in adverse weather which accounted for a reduction of 52.92% of the total increase.

The increase in total hours of outages were primarily due to transformer failures and switch failures as well as termination failures resulting from environmental conditions. Milton Hydro's asset management program continues to evolve and the company's proactive investments to replace aged and defective equipment are growing. Milton Hydro strives to replace assets before they fail and/ or when inspections identify issues as part of planned work, however, unplanned asset failures can happen resulting from environmental conditions for which replacements are sometimes reactive.

Milton Hydro notes that it expanded its control room operation during the year by having on-site day-time and emergency response control room operations. This extra control room coverage helped improve Milton Hydro's response times related to service interruptions. The number of

interruptions in 2024 related to foreign interference caused by motor vehicles increased significantly by 21.61%; however, the number of hours of interruption fell by 9.80% due to better outage response times.

Milton Hydro implemented a new emergency response plan protocol and process since 2023 which has helped the company improve its outage response times, which has led to the gradual reduction in average number of customer hours of interruption due to adverse weather. Also, the OEB's policy requirements related to the VASH program will assist to further modernize and improve Milton Hydro's asset management program and will provide more data & insights into making Milton Hydro's distribution system more resilient which will enable further improvements to Milton Hydro's system reliability metrics.

In addition, in 2024 Milton Hydro increased its tree trimming program cycle time to trim half the trees in its service areas each year. As a result, although adverse weather outages fell by 3.82% in 2024; the customer hours of interruption fell by 52.92%. These improvements are attributable to quicker response times due to Milton Hydro's on-site day-time and emergency control room operations, and due to the expansion of its tree trimming program. Although Milton Hydro's overall reliability dropped, it was mainly in relation to defective equipment, while there were some positive pockets of improvement in other categories.

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

Milton Hydro's average number of times that power to a customer is interrupted (i.e. frequency) was 0.89 times per customer during 2024. Milton Hydro's 2024 SAIFI was 32.38% higher than its OEB approved target of 0.67 times per customer as established in Milton Hydro's 2023 to 2027 DSP. Milton Hydro's 2024 SAIFI was 24.19% higher than its own five-year outage average frequency of 0.71 times per customer from 2019 to 2023.

When comparing 2024 data to average data from 2019 to 2023, the increases to average number of times that power to a customer is interrupted were caused by:

- defective equipment accounted for 148.90% of the total increase,
- tree contacts accounted for 19.00% of the total increase,
- partially offset by improvements in foreign interference and other causes which accounted for a reduction of 48.45% of the total increase.

The increase in total frequency per customer is primarily due to failures in transformers, switches, and terminations resulting from environmental conditions. Milton Hydro continuously makes proactive investments to replace aged and defective equipment, and strives to replace assets before they fail and/ or when inspections identify issues as part of planned work, however, unplanned asset failures can happen resulting from environmental conditions for which replacements are sometimes reactive. The OEB's policy requirements related to the VASH program will assist to further modernize and improve Milton Hydro's asset management program and will provide more data and insights into making Milton Hydro's distribution system more resilient, which will enable further improvements to Milton Hydro's system reliability metrics.

Asset Management

Distribution System Plan Implementation Progress

As part of its 2023 CoS application, Milton Hydro filed a DSP outlining a five-year capital investment strategy for the period 2023 to 2027. The DSP focuses on renewing aging infrastructure, connecting new customers, and enhancing system reliability and resiliency, while balancing cost efficiency and ratepayer affordability.

Milton Hydro monitors the DSP implementation annually, tracking both project execution and capital spending. Monthly internal reporting ensures that actual expenditures remain aligned with approved budgets and timelines. Adjustments are made as necessary to maintain system safety and reliability, and to respond to emerging priorities.

Milton Hydro is currently on track with its capital program spending, consistent with the approved DSP forecast. Ongoing monitoring and adaptive planning will continue to guide the utility's infrastructure investments through the remainder of the 2023 to 2027 period.

Cost Control

Efficiency Assessment

The total costs for Ontario electricity local distribution companies are evaluated using a model prepared by the Pacific Economics Group LLC (the "PEG Model") on behalf of the OEB to produce a single efficiency ranking. The efficiency ranking is based on a three-year rolling average of performance using the current year's performance and the previous two years' performance. This three-year average performance, as compared to econometric predicted values, determines the efficiency ranking and placement of the distributor into one of five groups based on pre-defined parameters with Group 1 being the most efficient and Group 5 the least efficient. In 2024, Milton Hydro's efficiency ranking remained in Group 1, and this is indicative of well above average efficiency.

Total Cost per Customer

The total cost per customer is an econometrically derived measure calculated as the sum of Milton Hydro's capital and operating costs divided by the total number of customers that Milton Hydro serves. The total cost performance result for 2024 of $840 per customer is 2.92% higher than the 2023 cost performance result of $816 per customer. The weighted average total cost performance result for 2024 for the industry was $1,123 per customer and was 3.74% higher than the 2023 weighted average cost performance result of $1,083 per customer. In 2024, Milton Hydro is ranked 27th lowest total cost per customer out of 53 distributors in the industry. Also, Milton Hydro's percentage increase in this metric relative to 2023 was ranked 12th lowest out of 53 distributors in the industry.

Total Cost per Km of Line

The total cost per kilometer of line is an econometrically derived measure calculated as the sum of Milton Hydro's capital and operating costs divided by Milton Hydro's total kilometers of electricity distribution lines in its service territory. The total cost performance result for 2024 was

$12,630 per kilometer of line, up by 2.56% from $12,314 per kilometer of line in 2023. The weighted average total cost performance result for 2024 for the industry was $21,921 per kilometer of line and was 0.36% higher than the 2023 weighted average total cost performance result of $21,843 per kilometer of line. In 2024, Milton Hydro is ranked 3rd lowest total cost per Km of line out of 53 distributors in the industry. Also, Milton Hydro's percentage increase in this metric relative to 2023 was ranked 11st lowest out of 53 distributors in the industry.

Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Milton Hydro received multiple requests for Connection Impact Assessments ("CIAs") for renewable generation projects greater than 10 kW, including solar, wind, water, and biomass distributed energy resources.

Milton Hydro completed 100.00% of these assessments on time, consistent with OEB performance requirements and customer expectations. Timely completion of CIAs ensures that project developers can proceed with planning and installation while maintaining grid reliability and safety.

New Micro-embedded Generation Facilities Connected on Time

Micro-embedded generation facilities, typically residential or small commercial rooftop solar installations under 10 kW, continued to be connected efficiently in 2024.

Milton Hydro connected 100.00% of new micro-embedded generation facilities on time, meeting the OEB’s prescribed service standard and supporting the growing interest in clean, customer-owned energy solutions.

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.

In 2024, Milton Hydro's reported a current ratio of 1.46, up from 1.39 in 2023. This result continues to reflect a strong level of liquidity and a prudent approach to working capital management.

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. The deemed capital mix is equal to a debt to equity ratio of 1.50 (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. A low debt to equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring.

In 2024, Milton Hydro’s debt to equity ratio was 1.18, compared to 1.19 in 2023, indicating a continued position of lower-than-deemed leverage. The reduction is primarily attributable to:

- A structured approach to receivables and collections, and
- A modest increase in contributed capital from developers offsetting the need to fund capital investments in 2024.

Looking forward, Milton Hydro's 2023 DSP forecasts higher capital expenditures from 2025 to 2027, which is expected to gradually increase the debt to equity ratio in future years, moving it closer to the deemed capital structure.

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

Milton Hydro's current distribution rates are approved by the OEB and include an expected (deemed) regulatory return on equity of 8.66%. The OEB allows a distributor to earn within +/- 3.00% of the expected return on equity (i.e. between 5.66% to 11.55%). 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

Milton Hydro achieved a regulatory ROE of 10.96%, which is 2.30% above the deemed amount, but remains within the OEB's acceptable range. This result reflects sound financial performance and disciplined cost management during the rate year.

Note to Readers of 2024 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 several 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 government legislative or regulatory developments, Ontario Energy Board approval or not approval of various applications, financial market conditions, general economic conditions, customer growth 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.