Scorecard - Niagara-on-the-Lake Hydro 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		99.21%	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		95.61%	98.34%	98.04%	98.33%	95.11%		65.00%	
	Customer Satisfaction	First Contact Resolution		18	12	11	9	8			
		Billing Accuracy		99.87%	99.90%	99.64%	99.99%	99.99%		98.00%	
		Customer Satisfaction Survey Results		79.0	79.0	79	79	80			
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		82.80%	82.60%	82.60%	80.90%	80.90%			
		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]		0.73	1.02	0.60	0.98	0.79			0.77
		Average Number of Times that Power to a Customer is Interrupted [2]		0.52	1.25	0.60	0.95	1.07			0.74
	Asset Management	Distribution System Plan Implementation Progress		130	153	113	112	162			
	Cost Control	Efficiency Assessment		3	2	2	2	2			
		Total Cost per Customer [3]		$750	$768	$804	$904	$971			
		Total Cost per Km of Line [3]		$19,566	$23,000	$24,066	$28,047	$30,326			
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)		0.50	0.45	0.40	0.40	0.40			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.65	0.66	0.67	0.64	0.64			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.98%	8.98%	9.21%			
			Achieved	7.80%	6.84%	8.79%	7.80%	5.89%			

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

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:

http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

Niagara-on-the-Lake Hydro manages its operations to provide the best possible service to its customers at a reasonable cost over the long term. This focus on operational excellence will generally result in good benchmarks, however there will be cases where our practices may not align with some of the benchmarks, such as our low debt to equity ratio or additional costs from keeping an office front-counter open to customers.

Customer Focus

Niagara-on-the-Lake Hydro’s focus is on serving the customer. We make every effort to make it easy for our customers to engage with us should they wish to. We remain committed to providing our customers with the most reliable service at the least possible cost.

Operational Effectiveness

The safety of the public and our workers is always Niagara-on-the-Lake Hydro’s over-riding priority. Niagara-on-the-Lake Hydro has had zero serious electrical incidents over the past years and is gratified to have won another prestigious safety award in 2022, the Infrastructure Health and Safety Association's "Recognition of Performance Achievement Milestone" award, recognizing 250,000 hours without a lost-time injury.

The reliability of our system has improved substantially over the last two decades and Niagara-on-the-Lake Hydro’s outage rates have consistently been below the provincial average for municipal utilities. Niagara-on-the-Lake Hydro also has the lowest line loss ratio in Niagara and one of the lowest line loss rates in Ontario. Investments will continue in improving the system with additional smart grid investments being added continuously.

Public Policy Responsiveness

Niagara-on-the-Lake Hydro maintains strong relations and works closely with regulators and government bodies as we believe this is in the long-term best interests of our customers. However, where appropriate, we also believe it is important for us to speak against policies and decisions which we do not believe are in the long-term best interests of our customers.

Financial Performance
Niagara-on-the-Lake Hydro's financial viability is maintained through a low debt to equity ratio and a sustained profitability.

Service Quality

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

  In 2024, Niagara-on-the-Lake Hydro connected 100% of the 134 requested low-voltage connections (i.e., under 750 volts) for residential and small business customers within the five-day timeline prescribed by the Ontario Energy Board. Niagara-on-the-Lake Hydro technical staff work with our customers at our office or in the field to help make the connection process as easy as possible.

- **Scheduled Appointments Met On Time**

  Niagara-on-the-Lake Hydro schedules specific appointment times with customers. It is expected that Niagara-on-the-Lake Hydro staff will keep that appointment except in the event of an emergency. No appointments were missed in 2024.

- **Telephone Calls Answered On Time**

  In 2024, Niagara-on-the-Lake Hydro answered 95.11% of the 7,756 calls it received during the year within 30 seconds. Call volumes were highest during the spring and fall months.

Customer Satisfaction

- **First Contact Resolution**

  Niagara-on-the-Lake Hydro defines first contact resolution as the number of customer contacts that were escalated beyond customer service to the President or the Board of Directors. Through its advocacy efforts, Niagara-on-the-Lake Hydro has been encouraging more two-way communication with its customers.

- **Billing Accuracy**

  Billing accuracy performance remained high at 99.99% through continued focus on the billing process including an enhanced use of exception reporting.

- **Customer Satisfaction Survey Results**

  In early 2025, Niagara-on-the-Lake Hydro engaged a third-party organization to conduct a customer satisfaction survey in collaboration with several other small electricity distributors. The posted result, 80%, was the combined positive and neutral response to an overall satisfaction question and was about average within this group of distributors. The survey results were consistent with 2023 results. There is a cost to surveys, which is ultimately passed on to the customer, which Niagara-on-the-Lake Hydro respects and seeks to minimize such as with the most recent collaboration. The customer satisfaction survey is completed every 2 years.

Safety

- **Public Safety**

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

A survey was undertaken in early 2024 to measure public awareness to the dangers of electricity. Niagara-on-the-Lake Hydro customers scored 80.9% for safety awareness. The score was determined from 10 safety specific questions focusing on powerlines and LDC transformers. Safety surveys are completed every two years. These surveys also come at a cost which is passed on to our customers.

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

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. Over the past eight years, Niagara-on-the-Lake Hydro was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures and policies.

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

Niagara-on-the-Lake Hydro has had no fatalities and no serious incidents within its territory since incorporation in 2000. To maintain this high level of safety, efforts are continually made to identify areas of concern and address these concerns by changes in procedures or by modifying access to physical areas.

Niagara-on-the-Lake Hydro's over-riding priority is the safety of the public and its employees. In 2022, Niagara-on-the-Lake Hydro was awarded the Infrastructure Health and Safety "Recognition of Performance Achievement Milestone" award, recognizing 250,000 hours without a lost-time injury.

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 (duration of outages) is a measure of system reliability or the ability of a system to perform its required function. Niagara-on-the-Lake Hydro views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. Niagara-on-the-Lake Hydro also regularly maintains its distribution system to ensure its level of reliability is kept as high as possible. However, outside factors such as severe weather, animal contacts, defective equipment, or even regularly scheduled maintenance can greatly impact this measure. For 2024, Niagara-on-the-Lake Hydro's customers experienced an average of 0.79 hours of interrupted power. Niagara-on-the-Lake had more outages than normal in 2024, due to a variety of different causes, but due to our response times the average duration is in line with historical averages.

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

  The average number of times that power to a customer is interrupted (frequency of outages) is also a measure of system reliability and is also a high priority for Niagara-on-the-Lake Hydro. Niagara-on-the-Lake Hydro's customers experienced interrupted power an average of 1.07 times during 2024. This is higher than the historical average due to the increase in the number of outages in 2024.

Asset Management

- **Distribution System Plan Implementation Progress**

  Niagara-on-the-Lake Hydro's Distribution System Plan was filed with the 2024 rate application and attempts to strike a balance between the need for system renewal, providing services to new and upgrading customers, adoption of new technology and automation, ongoing system maintenance and strong customer service while considering appropriate, affordable rates along with the long-term financial capabilities of our company.

  The Distribution System Plan Implementation Progress measure is intended to assess Niagara-on-the-Lake Hydro's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were 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.

Niagara-on-the-Lake Hydro currently defines this measure as the tracking of actual total capital project expenditures to planned total capital project expenditures, expressed as a percentage. For 2024, Niagara-on-the-Lake Hydro completed 162% of the capital projects planned for 2024 in terms of expenditures. The increase was due to the unplanned replacement of a feeder exit cable due to a failure, increased purchases of transformers which are treated as capital when purchased rather than installed and an expanded replacement program for individual poles and accessories through-out the Town of Niagara-on-the-Lake.

Cost Control

- **Efficiency Assessment**

  The total cost performance of each electricity distributor is evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. The distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. In 2021, Niagara-on-the-Lake Hydro was promoted to Group 2, where a Group 2 distributor is defined as having actual costs within - 10 percent to -25 percent of predicted costs. Group 2 is considered “above average efficiency” – in other words, Niagara-on-the-Lake Hydro’s costs are below the average cost range for electricity distributors in Ontario.

  Niagara-on-the-Lake Hydro manages its costs with a view to providing the best service to its customers. This could include additional costs such as customers having access to all staff at its office or investing to improve reliability.

- **Total Cost per Customer**

  Total cost per customer is calculated as the sum of capital and operating costs divided by the total number of customers served. Operating costs are based on actual results while capital costs are determined by an econometric adjustment formula. Niagara-on-the-Lake Hydro’s 2024 operating cost per customer increased to $396 compared to $343 in 2023. A low capital cost per customer may be an indicator of insufficient investment rather than efficiency. Niagara-on-the-Lake Hydro maintains a consistent capital investment program to accommodate growth and continually improve the system. The total cost per customer in 2024 was also higher than 2023 results.

- **Total Cost per Km of Line**

  This measure uses 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 the distributor operates to serve its customers. Niagara-on-the-Lake Hydro’s system currently accesses most of the Town so that most growth comes from in-fill projects using existing line or subdivision clusters served from the same line. As a result, this benchmark can be expected to increase over time with inflation and new customer growth.

Connection of Renewable Generation

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

  In 2024, Niagara-on-the-Lake Hydro connected 3 new micro-embedded generation facilities (embedded generation projects of less than 10 kW), within the prescribed time frame of five business days. This new connection brings the total number of micro-embedded generation facilities in Niagara-on-the-Lake at the end of 2024 to 157. Niagara-on-the-Lake Hydro works closely with its customers and their contractors to make the installation process as easy as possible.

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.

  Niagara-on-the-Lake Hydro’s current ratio was 0.40 in 2024. Two factors lower Niagara-on-the-Lake Hydro’s current ratio. First, Niagara-on-the-Lake has demand loans that are classified as current liabilities even though the interest rate is fixed over the intended life of the loan by way of an interest rate swap. Second, Niagara-on-the-Lake Hydro maintains a practice of not carrying excess cash but using a line of credit with a Schedule A bank. This is more efficient than having excess cash in the bank. Niagara-on-the-Lake Hydro is comfortable with this practice due to its low debt levels.

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

  The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The Ontario Energy Board uses a capital structure of 60% debt and 40% equity (a debt-to-equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. The average debt to equity ratio in 2023 for Ontario electricity distributors was 1.36.

  In 2024, Niagara-on-the-Lake Hydro’s debt to equity ratio was 0.64. Niagara-on-the-Lake Hydro's fiscal strategy regarding the debt-to-equity ratio has been to maintain a low-risk debt/equity level. This was done to ensure that we had the borrowing capacity at favorable terms to meet the needs of the utility for planned and unexpected capital programs. Keeping the company fiscally sound serves the best interests of customers and shareholders.

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

  Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. Niagara-on-the-Lake Hydro's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.21% effective January 1, 2024. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

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

  Niagara-on-the-Lake Hydro achieved a ROE of 5.89% in 2024, which is below the +/-3% range allowed by the OEB (see above paragraph). This result was expected. Niagara-on-the-Lake Hydro voluntarily agreed to defer a portion of the rate increase in its 2024 Cost of Service application in order to reduce the financial impact on its customers. Actual ROE will also vary from year to year based on the timing of tax expenses and capital activities. The average ROE over the previous 5 years (2020 to 2024) was 7.43%, which is indicative of a financially healthy organization.

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.