

Scorecard - Newmarket-Tay Power Distribution Ltd.

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	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%	98.12%	96.28%	95.32%		90.00%		
		Scheduled Appointments Met On Time	99.99%	99.90%	98.87%	98.71%	96.37%		90.00%		
		Telephone Calls Answered On Time	70.86%	68.58%	73.64%	54.76%	47.21%		65.00%		
	Customer Satisfaction	First Contact Resolution	93.7	97.7	99.6%	100	100				
		Billing Accuracy	99.95%	79.61%	99.94%	99.73%	99.84%		98.00%		
		Customer Satisfaction Survey Results	A	96	96%	84	84				
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%	83.00%	83.00%	83.00%	77.00%				
		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	0.66	0.78	0.98	0.63	1.56			0.56	
		Average Number of Times that Power to a Customer is Interrupted ²	0.78	0.70	0.53	0.53	0.68			0.63	
	Asset Management	Distribution System Plan Implementation Progress	103	64	88%	103.97	117.02				
	Cost Control	Efficiency Assessment	2	3	2	2	2				
		Total Cost per Customer ³	\$657	\$678	\$644	\$649	\$705				
		Total Cost per Km of Line ³	\$28,067	\$28,984	\$27,641	\$28,216	\$30,740				
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	Renewable Generation Connection Impact Assessments Completed On Time ⁴									
		New Micro-embedded Generation Facilities Connected On Time	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)	1.41	1.37	1.38	1.42	1.09				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.23	1.19	1.12	1.24	1.05				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.66%	9.66%	9.51%	9.51%			
			Achieved	11.19%	6.94%	6.33%	9.51%	7.29%			

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.
 4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2022 Scorecard Management Discussion and Analysis (“2022 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 2022 Scorecard MD&A:

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

Scorecard MD&A - General Overview

In September 2018, Newmarket-Tay Power Distribution Limited (NT Power) amalgamated with the former Midland Power Utility Corporation. The results contained within this scorecard reflect the consolidated operations of both former entities.

NT Power provides electricity service to approximately 45,000 customers, covering over 94 square kilometers spanning the communities of the Town of Newmarket, Township of Tay, and Town of Midland.

Overall, NT Power’s 2022 scorecard results demonstrate its continued strong performance across each category. NT Power’s commitment to prioritizing its customer needs resulted in overall high service quality and customer satisfaction scoring. Safety is of the utmost importance at NT Power and there have been no serious electrical incidents over the last five years. Further, NT Power remains compliant with Ontario Regulation 22/04. While reliability metrics were down in 2022, the frequency and duration of NT Power’s outages remains well below provincial averages. NT Power’s strong progress in 2022 on the implementation of its distribution system plan is expected to drive reliability measures in a favourable direction moving forward. While inflationary pressures increased per customer and per kilometer unit costs in 2022, NT Power has maintained its above-average cost efficiency ranking. Finally, NT Power maintained strong financial ratios as at the end of 2022, with respect to both liquidity and leverage, while earning financial returns in 2022 within the OEB’s +/- 300 basis point threshold, relative to approved values.

Management is pleased to share its scorecard results and the following discussion and analysis with all interested stakeholders.

Service Quality

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

95.32% of new service customers were connected within the five-day timeframe requirement. This is NT Power’s 12th consecutive year

achieving over 95%, exceeding the OEB standard of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources are in place to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

NT Power met 96.37% of its scheduled appointments on time in 2022, exceeding OEB industry standard metric of 90% for the 12th consecutive year.

- **Telephone Calls Answered On Time**

In 2022, NT Power answered 47% of qualified calls within 30 seconds compared to the OEB standard of 65%. This service quality requirement was not met, largely due to vacancies in the customer service department, and time spent training new staff. While the annual average did not meet the OEB target, NT Power did see drastic improvements through 2022 and was meeting and exceeding the OEB's metric by September of that year.

NT Power subsequently launched a number of initiatives in 2023 to further improve this performance measure, including monitoring our call statistics daily to ensure adequate staffing of the phone queue based on call volumes. In addition, NT Power is making efforts to educate customers about all self-serve avenues via our website, Interactive Voice Response, and social media posts, in an effort to reduce call volumes and further improve call response times.

Customer Satisfaction

- **First Contact Resolution**

NT Power prioritizes the needs of our customers, focuses on ways to best serve our customers, and strives to ensure resolution within the first contact. This expectation was met 100% of the time in 2022.

- **Billing Accuracy**

In 2022, customer bills were issued with 99.84% accuracy, exceeding the OEB's prescribed target of 98%. NT Power deploys a pre-billing internal audit process that assists in validating billing accuracy results. NT Power continually pursues enhancement opportunities such as these within its billing processes.

- **Customer Satisfaction Survey Results**

NT Power worked with a third party to complete its last Customer Satisfaction Survey in 2021. Customers had the opportunity to provide feedback, which culminated in an 84% customer satisfaction score. NT Power leverages the results from that survey to focus on targeted improvements for customers and to make enhancements to heighten customer safety awareness, amongst other initiatives. The survey is an opportunity to cover a range of topics including overall satisfaction with NT Power, reliability, customer service practices, outages and billing. The findings from this survey are used when planning NT Power's safety awareness campaigns. NT Power will be conducting its next Customer Satisfaction Survey in the fall of 2023.

Safety

- **Public Safety**

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

A survey is conducted to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

A third-party agent is engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents of the general public located in Newmarket, Midland and Tay service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power scored 77% on the OEB's Public Safety Awareness Index Score with results indicating that a majority of the public have a good awareness of key public electrical safety issues.

NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

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

In 2022, NT Power achieved full compliance with Ontario Regulation 22/04 (“O.Reg.22/04”). Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. An audit is performed to determine the status of compliance (Non-Compliant (N/C), Needs Improvement (N/I), or Compliant (C)).

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

No public serious electricity incidents occurred during the year.

System Reliability

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

In 2022, the average number of hours that an NT Power customer was interrupted, or its System Average Interruption Duration Index (SAIDI), was 1.56. NT Power did not meet its distributor target of 0.56, however, this achieved result is still significantly better than the recent industry average for this measure.

Approximately 60% of the customer interruptions hours were related to three large scale outages that occurred over various summer weekends. Due to the nature and timing of the outages, it took longer than average for crews to identify and resolve these incidents. When excluding these events, Loss of Supply and Major Event Days, the year-over-year increase for SAIDI was 1.3%.

NT Power also continues to monitor outage trends, especially those related to equipment failure and wildlife foreign interference, as these factors accounted for over half of the outages experienced by customers in 2022.

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

In 2022, the average number of times power to NT Power customers was interrupted, or its System Average Interruption Frequency Index (SAIFI) was 0.68. This result is slightly above the distributor target of 0.63, however, this achieved results is still significantly better than the recent industry average for this measure.

Overall, NT Power experienced a 14% year over year decrease in the number of outages on its distribution system. However, similar to customer interruption hours, approximately 54% of the customer interruptions in 2022 were related to the three large scale outages. When excluding these events, Loss of Supply and Major Event Days, the year-over-year System Average Interruption Frequency Index (SAIFI) measure decreased by 59%.

Asset Management

- **Distribution System Plan Implementation Progress**

NT Power measures its performance in Distribution System Plan (“DSP”) Implementation Progress as the ratio of actual total capital expenditures made in a calendar year over the total amount of DSP planned capital expenditures for that calendar year. For 2022, NT Power implemented approximately 117% of its planned DSP capital expenditure. The variance between actual and planned expenditures in 2022 can be attributed, in part, to the rise in material costs, as well as to delays encountered during the COVID-19 pandemic in prior years, which resulted in deferred expenditures from those periods being made in 2022.

Cost Control

- **Efficiency Assessment**

On an annual basis, the cost-efficiency of each Ontario local distribution company is assessed by an independent organization, on behalf of the OEB. Based on the differential between their actual and anticipated costs (calculated by econometric modelling) over the previous three-year average, each distributor is assigned a ranking, placing them into one of five cohort groups (Group 1 being the most cost-efficient).

For 2022, NT Power has maintained its ranking in Group 2 in terms of cost-efficiency, representing that the company has performed above average in this regard.

NT Power remains focused on driving efficiencies through the ongoing development and improvement of system processes and workflows.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of the NT Power’s capital and operating costs divided by the total number of customers that NT Power serves. In 2022, NT Power’s total cost per customer was \$705 (2021 - \$649), an increase of 8.6% over the prior year, largely attributable to inflationary pressures that have not been offset by proportional customer growth in NT Power’s service territory.

- **Total Cost per Km of Line**

Total cost per kilometer of line is calculated as the sum of the NT Power’s capital and operating costs divided by the circuit-kilometers of powerlines that NT Power operates. In 2022, NT Power’s cost per kilometer of line was \$30,740 (2021 - \$28,216), an increase of 8.9%

over the prior year. Similar to the increase in cost per customer, this change is largely attributable to inflationary pressures experienced in 2022.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (“CIAs”) within timelines in accordance with Ontario Regulation 326/09. In 2022, NT Power completed one CIA related to renewable generation.

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

In 2022, NT Power connected five new micro-embedded generation facilities on time.

Financial Ratios

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

The current ratio is an indicator of financial health, with a ratio greater than one indicating that the company is in an acceptable position to pay its short-term debts and financial obligations. The higher the value, the more liquid the company is, operating with a larger margin of safety to cover its short-term debts and financial obligations.

NT Power’s 2022 current ratio is 1.09 (2021 – 1.42). The decrease in this ratio is primarily attributable to a decrease in the company’s cash balance (bank indebtedness) as at the end of 2022, driven in part by increased capital expenditures made during the year. NT Power maintains a strong liquidity position with respect to meeting its short-term obligations.

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

Debt-to-Equity Ratio is an indicator of a company’s financial leverage. The OEB applies a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital structure is equal to a debt to equity ratio of 1.5 (60/40).

In 2022, NT Power maintained a total debt to equity ratio of 1.05 (2021 – 1.24), below the OEB-deemed ratio of 1.5. NT Power manages its optimal capital structure on an ongoing basis, ensuring it has financing resources in place to meet its current and future capital investment needs.

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

NT Power's current distribution rates are approved by the OEB and include a deemed regulated return on equity of 9.51%. The OEB allows a distributor to earn within +/-3% of the deemed return on equity. If a distributor's achieved regulatory return on equity falls outside that +/- 3% range, this may trigger a regulatory review of the distributor's revenues and costs structure.

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

NT Power's achieved regulatory return on equity for 2022 was 7.29% (2021 – 9.51%), which falls within the OEB's +/- 3% range relative to NT Power's deemed return on equity of 9.51%.

Note to Readers of 2022 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.