

Scorecard - Welland Hydro-Electric System Corp.

| Performance Outcomes | Performance Categories | Measures | 2016 | 2017 | 2018 | 2019 | 2020 | 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% | 94.82% | 94.52% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 98.50% | 98.64% | 94.90% | 93.16% | 98.28% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 98.60% | 96.19% | 97.29% | 88.90% | 86.15% | | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | 75% | 75% | 80% | 80% | 77% | | | | |
| | | Billing Accuracy | 99.99% | 99.98% | 99.99% | 99.99% | 99.99% | | 98.00% | | |
| | | Customer Satisfaction Survey Results | 92% | 92% | 96 | 96 | 96 | | | | |
| 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 | 84.00% | 83.00% | 83.00% | 83.00% | 83.00% | | | | |
| | | 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 | 1 | 0 | 0 | 0 | | | 0 |
| | | | Rate per 10, 100, 1000 km of line | 0.208 | 0.208 | 0.000 | 0.000 | 0.000 | | | 0.000 |
| | System Reliability | Average Number of Hours that Power to a Customer is Interrupted ² | 0.63 | 1.83 | 1.46 | 1.71 | 2.36 | | | 0.90 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 0.72 | 1.56 | 1.70 | 2.41 | 2.02 | | | 1.04 | |
| | Asset Management | Distribution System Plan Implementation Progress | Completed | Completed | Completed | Completed | Completed | | | | |
| | Cost Control | Efficiency Assessment | 2 | 2 | 2 | 2 | 1 | | | | |
| | | Total Cost per Customer ³ | \$510 | \$497 | \$501 | \$512 | \$494 | | | | |
| | | Total Cost per Km of Line ³ | \$24,268 | \$23,937 | \$24,354 | \$24,714 | \$24,038 | | | | |
| 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 | 100.00% | 100.00% | | | | | | | |
| | | New Micro-embedded Generation Facilities Connected On Time | 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) | 1.46 | 1.51 | 1.53 | 1.44 | 1.73 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 0.82 | 0.81 | 0.77 | 0.83 | 0.97 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 8.93% | 8.78% | 8.78% | 8.78% | 8.78% | | | |
| | | | Achieved | 6.63% | 8.51% | 11.41% | 10.44% | 9.36% | | | |

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. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

Carte de pointage - Welland Hydro-Electric System Corp.

9/28/2021

| Résultats sur le rendement | Catégories de rendement | Mesures | 2016 | 2017 | 2018 | 2019 | 2020 | Tendance | Objectif | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|-----------|-----------|-----------|----------|-----------|--------------|
| | | | | | | | | | Industrie | Distributeur |
| Approche vis-à-vis de la clientèle Les services sont fournis de manière à tenir compte des préférences des clients. | Qualité du service | Nouveaux services destinés aux consommateurs résidentiels ou aux petites entreprises branchés en temps voulu | 100,00% | 100,00% | 100,00% | 94,82% | 94,52% | ↘ | 90,00% | |
| | | Date et heure de rendez-vous respectées | 98,50% | 98,64% | 94,90% | 93,16% | 98,28% | ↘ | 90,00% | |
| | | Réponse en temps voulu aux appels téléphoniques | 98,60% | 96,19% | 97,29% | 88,90% | 86,15% | ↘ | 65,00% | |
| | Satisfaction de la clientèle | Résolution dès la première communication | 75% | 75% | 80% | 80% | 77% | ↔ | | |
| | | Exactitude de la facturation | 99,99% | 99,98% | 99,99% | 99,99% | 99,99% | ↔ | 98,00% | |
| | | Résultats du sondage sur la satisfaction de la clientèle | 92% | 92% | 96 | 96 | 96 | | | |
| Efficacité opérationnelle Une amélioration continue de la productivité et de l'indice rendement-coûts est atteinte. Le distributeur respecte les objectifs du réseau en matière de fiabilité et de qualité. | Sécurité | Niveau de sensibilisation du public | 84,00% | 83,00% | 83,00% | 83,00% | 83,00% | | | |
| | | Niveau de conformité avec le Règlement de l'Ontario 22/04 ¹ | C | C | C | C | C | ↔ | | C |
| | | Indice des incidents graves | Nombre d'incidents liés au grand public | 0 | 1 | 0 | 0 | 0 | ↕ | 0 |
| | Fiabilité du réseau | Taux par 10, 100 ou 1 000 km de ligne de transport | 0,208 | 0,208 | 0,000 | 0,000 | 0,000 | ↕ | 0,000 | |
| | | Nombre d'heures moyen où le client est privé d'électricité ² | 0,63 | 1,83 | 1,46 | 1,71 | 2,36 | ↗ | 0,90 | |
| | Gestion de l'actif | Nombre moyen d'occurrences où le client est privé d'électricité ² | 0,72 | 1,56 | 1,70 | 2,41 | 2,02 | ↘ | 1,04 | |
| | | Avancement de la mise en œuvre du plan du réseau de distribution | Completed | Completed | Completed | Completed | Completed | | | |
| | Contrôle des coûts | Évaluation de l'efficacité | 2 | 2 | 2 | 2 | 1 | | | |
| | | Coût total par client ³ | 510\$ | 497\$ | 501\$ | 512\$ | 494\$ | | | |
| | | Coût total par kilomètre de ligne de transport ³ | 24 268\$ | 23 937\$ | 24 354\$ | 24 714\$ | 24 038\$ | | | |
| Réactivité aux politiques publiques. Le distributeur remplit ses obligations imposées par le gouvernement (p. ex. les exigences légales et réglementaires imposées à la Commission et venant s'ajouter | Branchement à des installations de production d'énergie renouvelable | Réalisation en temps voulu des études d'impact du branchement aux installations de production d'énergie renouvelable | 100,00% | 100,00% | | | | | | |
| | | Branchement en temps voulu de nouvelles installations de production de petite taille intégrées | 100,00% | 100,00% | 100,00% | | | ↔ | 90,00% | |
| Rendement financier La viabilité financière est entretenue et les économies générées par l'efficacité opérationnelle peuvent être maintenues. | Ratios financiers | Liquidités : ratio de liquidité générale (actif à court terme/passif à court terme) | 1,46 | 1,51 | 1,53 | 1,44 | 1,73 | | | |
| | | Levier financier : montant total de la dette (incluant endettement à court terme et à long terme)/capitaux propres | 0,82 | 0,81 | 0,77 | 0,83 | 0,97 | | | |
| | | Rentabilité : taux de rendement des capitaux propres réglementé | Présumé (inclus dans les tarifs) | 8,93% | 8,78% | 8,78% | 8,78% | 8,78% | | |
| | | | Atteint | 6,63% | 8,51% | 11,41% | 10,44% | 9,36% | | |

1. Évaluation de la conformité avec le Règlement de l'Ontario 22/04 : conforme (C), besoin d'amélioration (BA) ou non conforme (NC).

2. Une flèche ascendante indique une fiabilité décroissante alors qu'une flèche descendante indique une fiabilité croissante.

3. Une analyse comparative établit le coût total à partir des renseignements fournis par le distributeur.

4. La mesure de la CEGD est basée sur le cadre de travail maintenant révolu Priorité à la Conservation de 2015-2020. Les résultats de 2019 comprennent les économies allant jusqu'à la fin de février 2020 déclarées à la SIERE.

Légende:

Tendance sur 5 ans

↕ vers le haut ↘ vers le bas ↔ stable

Année actuelle

● objectif atteint ● objectif non-atteint

2020 Scorecard Management Discussion and Analysis (“2020 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 2020 Scorecard MD&A:

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

Scorecard MD&A - General Overview

- The 2020 scorecard reflects another very successful year for Welland Hydro (“WHESC”). The results reflect WHESC’s commitment to a locally owned distribution company providing safe reliable power at competitive rates thru prudent planning of distribution system capital expenditures and cost management. WHESC continues to seek ways to meet the needs of its valued customers, employees, and shareholder.

Service Quality

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

In 2020, Welland Hydro-Electric System Corp. (WHESC) connected 94.52% of eligible new low-voltage and small business customers to the distribution system within the five-day timeline as prescribed by the Ontario Energy Board (OEB).

- **Scheduled Appointments Met on Time**

A total of 697 appointments were scheduled with customers in 2020 with 98.28% completed on time – exceeding the industry target of 90%

- **Telephone Calls Answered on Time**

In 2020, contact center representatives answered 86.15% of 12,790 calls within 30 seconds or less, above the OEB mandated target of 65% for timely call response. Until 2020, there had been a downward trend in the number of phone calls received. While the number of phone calls increased, WHESC customers also continued to use other forms of communication such as live chat, email, and online software platforms which assist in processing move in and move out requests.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution measurements have not been previously defined across the industry. The OEB has instructed all electricity distributors to review and develop measurements in these areas.

First Contact Resolution requires front line staff to be prepared to respond to customer issues to the complete satisfaction of the customer. As part of the Customer Satisfaction Survey (telephone survey), 403 customers were asked about six aspects of their most recent experience with a representative from WHESC. The results showed 77% of responses were either very or fairly satisfied with the most recent telephone or in-person contact experience.

WHESC does not believe the survey depicts an accurate picture of its effectiveness at satisfactorily addressing customers' inquiries and has implemented a solution within the CIS to address this. The First Contact Resolution is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives. Of the 12,790 calls received in 2020, only 147 of those calls required the attention of management. This means that 99.85% of the time, WHESC's customer service representatives can answer customer inquiries and resolve customer issues. WHESC believes this to be a better indicator of First Contact Resolution and will adjust its RRR reporting accordingly moving forward.

- **Billing Accuracy**

WHESC issued 291,844 invoices during 2020 with a billing accuracy of 99.99% exceeding the OEB Standard of 98%. WHESC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

WHESC engaged a third party to conduct a Customer Satisfaction Survey in the first quarter of 2021, for the 2020 scorecard. WHESC received an overall score of 96% of customers who are "very or fairly" satisfied with WHESC, which is consistent with the previous survey (96%), and compares favorably with the Ontario average of customers who are "very or fairly" satisfied with their local utility (93%). WHESC is conducting another Customer Satisfaction Survey in 2022 as required by the OEB.

Safety

- **Public Safety**

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

WHESC completed its third Public Awareness of Electrical Safety in 2020. The results indicate that a significant number of customers/contractors (83%) have a good knowledge or have received some information pertaining to the six core measurement questions. WHESC joined a group of LDC's in 2017 to begin the development of a web based public messaging program to increase public awareness in the six core areas.

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

The metric measuring Ontario Regulation 22/04 (the 'Regulation') assesses an LDC's compliance with the ESA's standard for safety performance based on requirements for the design, construction, and maintenance of Electrical Distribution Systems. WHESC was independently audited and found to be in compliance with the Regulation. The audit consisted of a review of the Declaration of Compliance, Due Diligence inspections, Public Safety Concerns and Compliance Investigations.

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

WHESC has had no serious electrical incidents resulting in death or critical injury over the past five years.

System Reliability

System Reliability is a key component of the OEB's Renewed Regulatory Framework. Distributors are required to measure system reliability indices with a goal towards continuous improvements. The two metrics used to track individual distributor's system reliability performance are Customer Power Outage Duration and Customer Power Outage Frequency. The scorecard shows the distributor's performance over a five-year period. All distributors have a potential exposure to significant year over year volatility experienced due to major weather events. As weather impacts become more prevalent, they will continue to influence year over year volatility.

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

Recovering from power outages as quickly as possible is valued by Customers. System Average Interruption Duration Index (SAIDI) is the formula used to measure the average number of hours that power to a Customer is interrupted. SAIDI is equal to the sum of all

Interruption Durations / Average number of Customers served. Starting in 2017 (for the 2016 reporting period), Licensed Electricity Distributors began analyzing power outage occurrences to determine if a particular event is considered a “Major Event”. The definition of a Major Event can be found in the Ontario Energy Board document: “Electricity Reporting and Record Keeping Requirements”. For the period of 2012 to 2015, WHESC re-stated values for SAIDI with consideration of the Major Event criteria. This was necessary in order to establish a baseline of WHESC’s average performance over a five-year period, with Major Events removed. The values for SAIDI (indicated as both excluding and including Major Events) for the previous five-year period are as follows:

| Year | SAIDI (excluding Major Events) | SAIDI (including Major Events) |
|-----------------------|--------------------------------|--------------------------------|
| 2015 | 1.74 | 1.95 |
| 2016 | 0.63 | 0.63 |
| 2017 | 1.83 | 1.83 |
| 2018 | 1.46 | 1.46 |
| 2019 | 1.71 | 1.71 |
| 5 Year Average | 1.47 | 1.52 |
| 2020 | 2.36 | 2.36 |

In 2020, WHESC did not have an outage occurrence that met both the calculated threshold (using the IEEE Standard 1366 approach) and the definition of a Major Event. The performance index in 2020 of 2.36 included one significant weather event that contributed 0.93 (39%) to the value of SAIDI. The value of SAIDI with this event removed is 1.46 which is in line with the 5-year historical average.

The SAIDI value of 2.36 for 2020 is above WHESC’s internal target of 2.0, which is identified in WHESC’s Distribution System Plan. A cyclical vegetation control program along with asset renewal and grid automation investments continue in an effort to maintain SAIDI below WHESC’s internal target.

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

System Average Interruption Frequency Index (SAIFI) is equal to the Total number of Customer Interruptions experienced by all Customers/Average number of Customers served.

The value for SAIFI (indicated as both excluding and including Major Events) for the historical five-year period are as follows:

| Year | SAIFI (excluding Major Events) | SAIFI (including Major Events) |
|-----------------------|--------------------------------|--------------------------------|
| 2015 | 1.39 | 1.68 |
| 2016 | 0.72 | 0.72 |
| 2017 | 1.56 | 1.56 |
| 2018 | 1.70 | 1.70 |
| 2019 | 2.41 | 2.41 |
| 5 Year Average | 1.56 | 1.61 |
| 2020 | 2.02 | 2.02 |

The significant event noted above contributed 0.64 (32%) to the value of SAIFI, resulting in 2020 performance above WHESC's internal target of 2.0. Indices are reviewed regularly including the 5-year rolling average reported on the scorecard to identify negative trends in feeder performance. Ratepayer and utility affordability are balanced with distribution system risk when determining investments aimed at improving reliability.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan ("DSP") was completed and submitted with WHESC's 2017 Cost of Service application. The DSP outlines WHESC's forecasted capital spending through 2021.

WHESC continues to monitor the progress of its DSP implementation. WHESC updates the plan as required, fundamentally based on inputs from asset condition assessment data, customer satisfaction data and periodic review of distribution system performance.

Cost Control

- **Efficiency Assessment**

Total Costs for Ontario's distribution companies ("LDCs") are evaluated by the Pacific Economics Group LLC on behalf of the OEB to produce a single efficiency ranking. LDCs are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

WHESC's 2020 Efficiency Assessment of 26.6% below expected cost, ranks 8th best in Ontario and reflects a commitment to finding continuous improvements in all areas. In 2020, Welland Hydro-Electric System Corp. improved on its ranking from 2019 and was placed in Group 1. A Group 1 distributor is defined as a distributor with actual costs more than 25% below predicted costs on average over three years and is considered to be the most efficient. This is an exceptional achievement for Welland Hydro-Electric System Corp.

- **Total Cost per Customer**

Cost per customer is calculated as the sum of Capital and Operating related costs divided by the Total Customers. Total Cost per Customer was \$494 in 2020. This represents a 3.5% decrease over 2019. Since 2016, Total Cost per Customer has decreased by 3.1% over a four-year period and reflects Welland Hydro's commitment to cost effective service to its customers.

- **Total Cost per Km of Line**

This measure divides Total Costs by the Total km of Line maintained by a distributor. Actual cost per Km of line serviced by WHESC in 2020 decreased by 2.7% over 2019 levels.

Connection of Renewable Generation

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

WHESC did not receive any requests for Renewable Generation Connection Impact Assessments in 2020.

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

WHESC did not connect any new micro-embedded generation facilities in 2020.

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. WHESC has consistently had a current ratio greater than 1. The majority of current assets is related to receivables and unbilled revenues whereas current liabilities are for the most part related to amounts owed to the IESO for power purchased. There was a minor change with this ratio in 2020 (1.73) compared to 2019 (1.44), as WHESC took advantage of low

interest rates to borrow funds to meet capital spending requirements.

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

The OEB has set a deemed capital structure of 60% debt and 40% equity for LDC's in Ontario. This deemed structure assumes 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 leveraged than the deemed capital structure. WHESC's 2020 leverage ratio of 0.97 indicates that it is currently operating with less actual debt than deemed debt. WHESC secured additional debt financing in 2020 to continue to make the capital expenditures contained in the Distribution System Plan to replace aging infrastructure and maintain service reliability. No additional borrowing is anticipated in 2021.

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

WHESC's current distribution rates were approved by the OEB and include an expected (deemed) regulatory return of 8.78%. 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 by the OEB.

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

WHESC's achieved return in 2020 was 9.36% which is above its deemed rate of return of 8.78% but within +/- 3% allowed by the OEB. The increase reflects stronger than normal growth in total customers and continued emphasis on cost control.

Note to Readers of 2020 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.