

Scorecard - Rideau St. Lawrence Distribution Inc.

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%		
		Telephone Calls Answered On Time	80.36%	77.81%	76.20%	75.84%	76.29%	⬇	65.00%		
	Customer Satisfaction	First Contact Resolution	99.4%	99.55%	99.91%	99.98%	99.9				
		Billing Accuracy	99.67%	99.64%	99.28%	98.90%	99.47%	⬇	98.00%		
		Customer Satisfaction Survey Results	B	B	B	B	B				
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%	84.00%	83.30%	83.30%	84.30%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C	
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	➡		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	➡		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.43	0.12	0.28	0.63	1.77	⬆		0.55	
		Average Number of Times that Power to a Customer is Interrupted ²	0.72	0.08	0.10	0.14	0.44	⬇		0.29	
	Asset Management	Distribution System Plan Implementation Progress	92%	113%	116%	165%	116%				
	Cost Control	Efficiency Assessment	3	2	2	2	2				
		Total Cost per Customer ³	\$584	\$572	\$594	\$671	\$720				
		Total Cost per Km of Line ³	\$32,239	\$31,636	\$31,275	\$35,494	\$38,600				
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.82	0.76	0.63	0.47	0.79				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.37	0.44	0.61	0.43	0.81				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.78%	8.78%	8.78%	8.66%	8.66%			
			Achieved	5.72%	6.09%	2.79%	0.80%	4.88%			

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

Scorecard MD&A - General Overview

In 2023, Rideau St. Lawrence Distribution (RSL) met or exceeded most of the performance targets. Aging distribution infrastructure and changing weather patterns continues to be the primary challenge facing utilities today. Like most utilities in Ontario, Rideau St. Lawrence Distribution must replace aging infrastructure at an accelerated pace in order to meet this challenge. Distribution system maintenance, including tree trimming activities, is critical to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather. In 2023, we achieved good but reduced system reliability results, and very favourable results in the remaining measurements. In 2023 we continued to deal with the challenges presented by increasing inflation and climate change while maintaining superior customer service.

We expect to report reliability results that are consistent with previous years in the future.

Further to the above, Rideau St. Lawrence Distribution continues to focus on you, the customer. Rideau St. Lawrence Distribution makes every effort to engage our customers on a regular basis to ensure we are aware of your needs and that you are receiving value for your money. Rideau St. Lawrence Distribution remains committed to providing its customers with safe, reliable service at a reasonable cost.

In 2024 Rideau St. Lawrence Distribution will continue its efforts to improve or maintain its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

Service Quality

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

The Ontario Energy Board's ("OEB") Distribution System Code ("DSC") requires electricity distributors to complete a connection for new service under 750 volts within five days after all applicable service conditions are satisfied. This service quality standard must be met at least 90% of the time on an annual basis. RSL considers "New Services Connected on Time" as an important form of customer engagement as it is the utility's first opportunity to meet and/or exceed its customer's expectations, which in turn affects the level of customer satisfaction within a utility's territory.

In 2023, Rideau St. Lawrence Distribution connected 100% of the eligible low-voltage residential and small business customers to its system within the five-day timeline. This is considered to be a normal result for RSL. We expect to report results that are consistent with previous years in the future.

- **Scheduled Appointments Met on Time**

The OEB's DSC requires that electricity distributors offer to schedule an appointment within a window of time that is not greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Rideau St. Lawrence Distribution considers "Scheduled Appointments Met" as an important form of customer engagement as customer presence is required for all types of appointments. RSL met 100% of the scheduled appointments requiring the presence of a customer / customer representative in 2023. We expect to report a similar result in 2024.

- **Telephone Calls Answered on Time**

The OEB’s DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls and is driven by factors such as billing inquiries, customer moves, and news about the electricity market in the media, conservation and demand management programs and power outages.

Rideau St. Lawrence Distribution considers “Telephone Calls Answered on Time” to be an important communication tool for identifying and responding to its customers’ needs and preferences. Our customer service representatives answered 76.3% of these calls in 30 seconds or less, which is in our historical range. Our results exceed the Ontario Energy Board mandated target of 65% for this measure. We expect to report a similar result for 2024.

Customer Satisfaction

- **First Contact Resolution**

The OEB does not provide a specific metric for First Contact Resolution (“FCR”), which is a customer query resolved in a single contact, thereby eliminating the need for the customer to follow up with a second contact. The OEB instructed all electricity distributors to review and develop a number of customer satisfaction measurements for reporting starting in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this item in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

Rideau St. Lawrence Distribution defines “First Contact Resolution” as the number of customer enquires that are resolved by the first contact at the utility. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person. Rideau St. Lawrence Distribution considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction. In 2023 Rideau St. Lawrence Distribution received many enquiries from its customers, of which 99.9% were successfully resolved during first contact, which is consistent with our historical results. Rideau St. Lawrence Distribution expects this trend to continue for 2024.

- **Billing Accuracy**

Billing Accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Rideau St. Lawrence Distribution considers timely and accurate billing to be an essential component of customer satisfaction. In 2023, Rideau St. Lawrence Distribution issued an average of over 6000 customer bills per month and achieved billing accuracy of 99.5%, which is above the Ontario Energy Board mandated target of 98%. The percentage is consistent with historical results. Rideau St. Lawrence Distribution expects to meet or exceed the target for 2024.

- **Customer Satisfaction Survey Results**

Rideau St. Lawrence Distribution engaged a third-party organization to conduct a customer satisfaction survey in 2023 to receive customer feedback on its performance. The statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. Rideau St. Lawrence Distribution considers this customer satisfaction survey to be a useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services, and for identifying areas that may

require improvement. Rideau St. Lawrence Distribution received a rating of “B” on its customer satisfaction survey, which is consistent with prior survey result. RSL is required to report on this measure on a biennial basis (every second year). The next survey will be conducted in 2025.

Safety

- **Public Safety**

The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

Component A – Public Awareness of Electrical Safety:

Component A consists of a statistical survey that gauges the public’s awareness of key electrical safety concepts related to electrical distribution equipment found in a utility’s territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. Rideau St. Lawrence Distribution conducted a survey in 2022 which showed 83.3% for the level of public awareness. RSL is required to report on this measure on a biennial basis (every second year). The next survey will be conducted in 2024.

Component B – Compliance with Ontario Regulation 22/04:

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Component B consists of a utility’s compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. 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. Consistent with historical years, Rideau St. Lawrence Distribution was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) in 2023. This was achieved by our strong commitment to safety, and the adherence to company procedures & policies.

Component C - Serious Electrical Incident Index:

Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility’s territory per 1,000 kms of line. Section 12 of Ontario Regulation 22/04 defines a “serious electrical incident” as:

- (a) any electrical contact that caused death or critical injury to a person;
- (b) any inadvertent contact with any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person; or
- (c) any fire or explosion in any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person, except a fire or explosion caused by lightning strike.

In 2023, Rideau St. Lawrence Distribution had zero fatalities and zero serious incidents within its territory.

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 (SAIDI) is a measure of system reliability or the ability of a system to perform its required function. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. Rideau St. Lawrence Distribution also regularly maintains its distribution system to ensure its level of reliability. The OEB requires a utility to keep its hours of interruption within the range of its historical performance; however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

For 2023, Rideau St. Lawrence Distribution experienced 1.77 hours of interrupted power per customer. The number is greater when compared to recent historical results. There were significant outage events in last year due to extensive storms. Our 5-year average is 0.85. RSL expects that this measure for 2024 will be in its historical range.

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

The average number of times that power to a customer is interrupted (SAIFI) is another measure of system reliability and is also a high priority for Rideau St. Lawrence Distribution. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. RSL also regularly maintains its distribution system to ensure its level of reliability.

The OEB requires a utility to keep this measure within the range of its historical performance; however, outside factors can greatly impact this measure. The measure for 2023 is 0.44 times per customer. There were no major outage events in the last year, however, as per the general trend in climate changes there were significant outage events in last year due to extensive storms. Our 5-year average is 0.30. RSL expects that this measure for 2024 will be in our historical range.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan (“DSP”) Implementation Progress measure was initiated by the OEB in 2013. The Distribution System Plan Implementation Progress measure is intended to assess a utility’s effectiveness at planning and implementing its capital expenditures. The OEB does not require all distributors to use the same approach to measure DSP Implementation progress. Until the OEB establishes a definition for this measure, utilities may define the measure in the manner that best fits their situation. However, the OEB requires that a distributor report on this metric to indicate whether its work continues to be “on track” relative to its DSP.

In 2022, Rideau St. Lawrence Distribution filed a Distribution System Plan as part of its 2022 Cost of Service rate application. The DSP outlines the

utility's fore-casted capital expenditures over the next five years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The DSP details Rideau St. Lawrence Distribution's prioritization process, tools and methods which ultimately direct the utility's capital expenditure planning process.

Starting in 2022, Rideau St. Lawrence Distribution tracked actual cumulative capital expenditures against the total 5-year expenditures in the Distribution System Plan, expressed as a percentage. RSL has accomplished 116% of the 2022 plan by the end of 2023. RSL expects to accomplish the spending in the extended plan presented in the 2022 DSP.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. The model used to rank cost efficiency performance is based on econometrics. Distributor cost is estimated as a function of business conditions faced by distributor. These business conditions include the number of customers served and the price of inputs such as labour and capital. The parameters of this model establish the relationship between each business condition and distributor cost.

The model can make a prediction of each distributor's cost given its business conditions. The distributor's actual cost is compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance.

To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. In 2023 our actual costs were below the predicted costs and RSL was consistently assigned to Group 2 in terms of efficiency due to improved cost performance. Group 2 is considered good and is defined as having actual in excess of 10% and up to 25% below predicted costs based on a three-year rolling average. This is the second year in a row that RSL is placed in Group 2. Although Rideau St. Lawrence Distribution's forward-looking goal is to maintain its place in Group 2, management's expectation is that its efficiency performance will be in line of its historical results.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Rideau St. Lawrence Distribution's capital and operating costs and dividing this cost figure by the total number of customers that Rideau St. Lawrence Distribution serves.

The total cost per customer result for 2023 is \$720 per customer, a 7% increase over 2022. This is the result of a steady customer base and a total cost impacted by economic pressures for 2023, as predicted, and significant capital expenditures. Normally, with a steady customer base, cost per customer tends to increase to keep pace with economic fluctuations. Rideau St. Lawrence Distribution will continue to seek out productivity and efficiency improvements. For 2024 we expect an increase in the cost measures as we continue to experience rising costs.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. Based on this, Rideau St. Lawrence Distribution's rate is \$38,600 per km of line, a 8.8% increase over 2022 as a result of an increase in total cost and unchanged km of line. As we progress into the future, Rideau St. Lawrence Distribution will continue to seek out innovative solutions to help ensure cost/km of line remains within acceptable limits to our customers. For 2024 we expect an increase but trending towards stabilization in the cost measures.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority.

In 2023, no CIA's were required. Rideau St. Lawrence Distribution was unable to connect additional renewable generation projects, due to restraints imposed by Hydro One.

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

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. In 2023, Rideau St. Lawrence Distribution connected no new micro-embedded generation facilities within its territory. Rideau St. Lawrence Distribution will continue to work closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

Financial Ratios

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

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

Rideau St. Lawrence Distribution's current ratio is 0.79 in 2023, a positive increase and slightly higher than previous year. RSL expects a similar current ratio for 2024.

- **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. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be earned through increased financial debt.

In 2023, Rideau St. Lawrence Distribution's debt to equity ratio was to 0.81, an improvement our historical leverage range. Historically RSL's Total Debt to Equity Ratio has been below the ratio expected by the Ontario Energy Board. Rideau St. Lawrence Distribution believes that a low risk/low debt approach is appropriate for a utility of our size but took measures to improve its capital structure in 2023. Rideau St. Lawrence Distribution expects its debt to equity ratio to be consistent with 2023 measures in 2024 due to increased financing needs.

- **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. Rideau St. Lawrence Distribution's current distribution rates were approved by the OEB in 2022 and include an expected (deemed) regulatory return on equity of 8.66%. 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**

Rideau St. Lawrence Distribution achieved a ROE of 4.88% in 2023, which is an improvement when compared to 2022, and is outside of the prescribed range (see above paragraph). RSL expected to report an improvement when compared to the desired ROE since rates were amended by the OEB in the 2022 Cost of Service however due to cost pressures RSL was unable to generate earnings within the prescribed range.

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 judgment on the reporting date of the performance scorecard, and could be markedly different in the future.