

Scorecard - Entegrus Powerlines 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	98.04%	96.91%	97.60%	98.55%	97.48%	↑	90.00%		
		Scheduled Appointments Met On Time	99.53%	99.83%	99.71%	100.00%	99.96%	↑	90.00%		
		Telephone Calls Answered On Time	65.61%	79.11%	81.26%	68.42%	83.75%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	79	74	85	81	75				
		Billing Accuracy	99.90%	99.81%	99.91%	99.91%	99.95%	↑	98.00%		
		Customer Satisfaction Survey Results	94	93	92	93	94				
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	81.00%	81.00%	78.00%	78.00%	79.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents	1	4	1	1	0	↓		2
	Rate per 10, 100, 1000 km of line		0.805	1.297	0.329	0.311	0.000	↓		0.610	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.73	1.47	1.09	1.76	1.31	↓		1.42	
		Average Number of Times that Power to a Customer is Interrupted ²	1.02	1.18	1.02	1.18	0.93	↓		1.01	
	Asset Management	Distribution System Plan Implementation Progress	85.6	112.4	20.2	40.6	61.9				
	Cost Control	Efficiency Assessment	2	2	1	1	1				
		Total Cost per Customer ³	\$566	\$553	\$558	\$627	\$713				
		Total Cost per Km of Line ³	\$10,982	\$11,008	\$10,670	\$11,977	\$13,731				
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)	1.41	1.23	1.06	1.08	1.08				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.20	1.30	1.24	1.25	1.39				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
			Achieved	10.58%	8.23%	9.29%	7.85%	8.79%			

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

2023 Scorecard Management Discussion and Analysis (“2023 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 2023 Scorecard MD&A:

[https://www.oeb.ca/oeb/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](https://www.oeb.ca/oeb/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Entegrus Powerlines Inc. (“Entegrus”) owns, operates and manages the assets associated with the distribution of electrical power to approximately 62,910 customers in 17 Southwestern Ontario communities. The roots of Entegrus extend back to the formation of Chatham Hydro in 1914.

The communities serviced by Entegrus in 2023 are: Blenheim, Bothwell, Chatham (including a portion of the Township of Raleigh known as the “Bloomfield Business Park”), Dresden, Dutton, Erieau, Merlin, Mount Brydges, Newbury, Parkhill, Ridgetown, Strathroy, Thamesville, Tilbury, Wallaceburg, Wheatley and St. Thomas. Additional details are provided in the Entegrus Electricity Distribution License (ED-2002-0563).

On April 1, 2018, Entegrus amalgamated with St. Thomas Energy Inc. (“STEI”), a licensed electricity distributor operating within the City of St. Thomas. The merged electricity distributor continues as Entegrus. The scorecard results discussed herein relate to the combined 2023 results.

Entegrus monitors the scorecard measures on an ongoing basis and continuously seeks opportunities to improve its performance. The company is committed to meeting the needs of its customers both today and in the future. Entegrus is confident that its focus on customer outcomes will allow it to continue to meet or exceed performance targets.

Entegrus is committed to continuous year over year performance improvement for 2024 and beyond.

Service Quality

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

In 2023, Entegrus connected 97.48% of 1,666 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the OEB. For the five-year period from 2019 to 2023, Entegrus has consistently performed better than the industry target of 90% in this area.

- **Scheduled Appointments Met on Time**

Entegrus scheduled 2,700 appointments in 2023 to complete work requested by customers (where customer presence is required). Entegrus met 99.96% of these appointments on time. For the five-year period from 2019 to 2023, Entegrus has consistently performed better than the industry target of 90% in this area.

- **Telephone Calls Answered on Time**

In 2023, Entegrus Customer Service received 47,269 calls from its customers – an average of over 187 calls per working day. In 83.75% of instances, Entegrus answered the call within 30 seconds or less. This result exceeds the OEB-mandated 65% target for timely call response.

Entegrus staffs its Customer Service Call Centre to meet the 65% target, while balancing the need to prudently deploy resources in all areas of the business. For the five-year period from 2019 to 2023, Entegrus has consistently met the industry target of 65% in this area.

Customer Satisfaction

- **First Contact Resolution**

Entegrus engages a third-party service provider to conduct ongoing First Contact Resolution (“FCR”) surveys. FCR traditionally represents a percentage of instances where a customer’s need is addressed at the time of their first point of contact on the matter. However, FCR can be measured in a variety of ways and further regulatory guidance will be necessary in order to achieve meaningful, consistent and comparable information across electricity distributors.

Entegrus believes that best practice is to measure FCR based on ongoing third-party surveys of a random sample of those customers who have recently contacted Entegrus. Accordingly, Entegrus’ FCR is measured based on live agent transactional phone surveys conducted by a third-party service provider. To facilitate these surveys, throughout the year Entegrus provides the third-party service provider with a report of all customers who had contacted Entegrus Customer Service by telephone within the previous two weeks.

The third-party service provider's telephone agents, in turn, contact and survey Entegrus customers. Customers are asked to rate various facets of their customer experience and are also asked if their issue (i.e. their reason for calling) was resolved on their first contact to Entegrus. In 2023, the service provider's agents surveyed a random sample of 412 Residential and Small Business customers from January to October 2023. Of the 412 customers surveyed (the denominator), 308 customers (the numerator) indicated that their issue was resolved on the first call to Entegrus. This equates to the reported FCR result of 75%.

Entegrus continues to maintain its strong FCR results by implementing recommendations from the service provider. Accordingly, Entegrus has continued to engage the third-party service provider to assist with ongoing FCR measurement and customer service strategy improvements on specific issue types.

- **Billing Accuracy**

In 2023, Entegrus issued 766,062 bills and achieved a billing accuracy of 99.95%. This compares favourably to the prescribed OEB target of 98%.

Entegrus continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

Entegrus engages a third-party service provider to conduct annual Customer Satisfaction surveys.

In 2023, the third-party service provider conducted a random telephone survey for the period November 16, 2023 to November 24, 2023. A total of 502 customers were surveyed, however seven customers did not respond. Of the remaining 495 customers who responded (the denominator), 464 customers (the numerator) rated their Overall Satisfaction in the top 3 boxes. This equates to the reported Customer Satisfaction result of 94%, which is comparable to previous years.

Customer Satisfaction is a key area of focus for Entegrus. Accordingly, Entegrus will continue to measure Customer Satisfaction annually, as opposed to the regulatory requirement to measure it every other year.

Safety

- **Public Safety**

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

On a bi-annual basis, Entegrus engages a third-party service provider to conduct Public Safety Awareness surveys. The surveys are based upon a representative sample of each electrical distributor's service territory population and gauges awareness levels of key electrical safety concepts related to distribution assets. The surveys provide a benchmark of levels of awareness including identifying gaps where additional education and awareness efforts may be required. In accordance with OEB requirements, the surveys are

conducted every other year. Accordingly, the survey results described below were completed for the 2023 scorecard and will also be applicable to the 2024 scorecard.

Entegrus conducted a public safety awareness campaign in Q1 of 2024 utilizing local media and digital website content. Further, Entegrus continues to assist and participate in community safety events.

Entegrus engaged a third-party service provider to conduct stratified random telephone surveys of 603 Ontario residents, ages 18 or older, currently residing in the Entegrus service territory during the period from March 6, 2024 and March 18, 2024. The survey asked residents electrical safety questions and then an overall index score was calculated in accordance with a prescribed algorithm. Public Awareness of Electrical Safety results for 2023/2024 showed a slight increase compared to the prior results at 79%.

- **Component B – Compliance with Ontario Regulation 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. The regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service. Entegrus is audited annually for compliance and was found to be compliant in 2023.

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

This is measured as the number of non-occupational (general public) serious electrical incidents occurring on Entegrus' distribution system and reported to the ESA, expressed as a raw number and as the number per 1,000 km of line. In 2023, no incidents were reported.

In accordance with its foremost core value of Safety, Entegrus' staff examine the circumstances surrounding such incidents and incorporate insights into the content of relevant employee safety training and public safety awareness programs.

System Reliability

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

For this measure, the OEB establishes baseline targets based on the average of the distributor's performance for the period 2016 – 2020 (the baseline period is updated every 5 years). Entegrus' 2023 result of 1.31 is favourable to prior year results and is also better than the target of 1.42. In recent years, Entegrus service territory has experienced more severe weather. In March 2023, the OEB standardized the methodology by which distributors report major weather events (which are excluded from these statistics). Thereafter, four weather events in 2023 met the major event threshold in 2023, which contributed to the favourable result versus target.

Starting in 2020, Entegrus has intensified its efforts on system renewal, including remediation of at-risk poles, which will contribute to a reduction in outages that would otherwise occur. Entegrus continues to focus on the installation of smart grid equipment, which will

contribute to a reduction in the duration and frequency of outages.

Entegrus continues to view reliability of electricity service as a high priority. As further discussed below, Entegrus continued to make substantial progress on its Distribution System Plan (“DSP”) implementation in 2023.

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

For this measure, the OEB establishes baseline targets calculated as the average of the distributor’s performance for the period 2016 – 2020 (the baseline period is updated every 5 years). Entegrus’ 2023 result of 0.93 is better than the target of 1.01. As discussed above, despite experiencing more severe weather, this is the result of the four major events in 2023 that met the threshold to be excluded from the statistics.

Entegrus continues to view reliability of electricity service as a high priority. As further discussed below, in 2021 Entegrus filed a combined and comprehensive 2021-2025 DSP. Entegrus made substantial progress on its DSP implementation in 2023.

Asset Management

- **Distribution System Plan Implementation Progress**

Entegrus maintains a DSP that adopts a proactive, balanced approach to distribution system planning, infrastructure investment and replacement programs to address immediate risks associated with end-of-life assets; manage distribution system risks; ensure the safe and reliable delivery of electricity; and balance ratepayer and utility affordability.

In 2021, Entegrus filed a combined and comprehensive 2021-2025 DSP, inclusive of both the Entegrus-Main and Entegrus-St. Thomas rate zones.

Entegrus reports this metric based on percentage of actual life-to-date capital expenditures divided by the aggregate total DSP (5 year) capital expenditures. The Entegrus 2023 life-to-date actual capital expenditures were \$43M (the numerator). The total projected DSP (5 year) capital expenditures are \$69.5M (the denominator). This numerator and denominator equate to the reported DSP Implementation Progress figure of 61.9%.

In 2023, the focus of the DSP was on continued distribution system access and renewal, including voltage conversions of sections of the system from lower voltages to 27.6 KV and additional system service investment, including deployment of smart grid technologies.

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated based on econometric modeling conducted by a consultant (the Pacific Economics Group LLC) on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs over the past three years.

In 2023, Entegrus' actual costs for 2021-2023 were 27.8% lower than the costs predicted by the OEB's consultant. For the third consecutive year, Entegrus was placed in Group 1, where a Group 1 distributor is defined as having actual costs which are at least 25% lower than the costs predicted for the distributor. Group 1 is considered "most efficient". In 2023, Entegrus ranked 14th out of 54 distributors in terms of cost performance results versus benchmark.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Entegrus' capital and operating costs (including certain adjustments to make the costs more comparable between distributors), divided by the total number of customers that Entegrus serves. Entegrus' cost performance result for 2023 is \$713 per customer.

- **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 Entegrus operates to serve its customers, which equates to \$13,731 per kilometer of line.

Connection of Renewable Generation

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

Electricity distributors are required to connect an applicant's micro-embedded generation facility (i.e. MicroFIT projects of less than 10kW or net metering projects) to its distribution system within five business days of the applicant informing the distributor that it has satisfied all applicable service conditions, received all necessary approvals and provided the distributor with a copy of the authorization to connect from the ESA. The minimum acceptable performance level for this measure is 90%.

In 2023, Entegrus connected the 13 new micro-embedded generation facility requests received within the prescribed time frame of five business days. Entegrus works closely with its customers and their contractors to address any connection issues to ensure the project is connected on time.

Financial Ratios

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

Liquidity is calculated by dividing Current Assets by Current Liabilities. This ratio is also known as Working Capital Ratio and measures an entity's ability to pay short-term financial obligations. As an indicator of financial health, a Liquidity Ratio of 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.

The Entegrus current ratio was 1.08 in 2023. Entegrus' goal is to maintain a Liquidity Ratio of more than 1.00. As noted above, this means that the organization has resources available in the short term to meet its short-term financial obligations.

- **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. This deemed capital mix is equal to 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 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.

As demonstrated by its 2023 Leverage Ratio of 1.39, Entegrus continues to maintain a debt-to-equity structure that closely approximates the deemed 60% to 40% capital mix as set out by the OEB. Entegrus' strong financial position is further supported by its recent Standard & Poor's Rating Services rating of "A".

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

Entegrus' 2023 distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 9.19%. 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's revenues and costs structure by the OEB.

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

Entegrus' achieved a 2023 Regulatory Return on Equity ("ROE") of 8.79%, which is within the +/-3% range of Deemed ROE allowed by the OEB.

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.