

Scorecard - Lakefront Utilities 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	97.57%	91.17%	92.89%	94.80%	92.66%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	93.62%	98.89%	96.30%		90.00%		
		Telephone Calls Answered On Time	94.10%	82.27%	95.62%	90.27%	98.76%		65.00%		
	Customer Satisfaction	First Contact Resolution	99.41%	99.77%	99.46%	99.88%	99.94%				
		Billing Accuracy	99.95%	99.79%	99.95%	99.97%	99.98%		98.00%		
		Customer Satisfaction Survey Results	80.70%	77.70%	77.70%	77.00%	77.00%				
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	83.00%	83.00%	82.60%	82.60%	83.90%				
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	NC	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	0.76	4.67	0.99	0.63	2.80			1.41	
		Average Number of Times that Power to a Customer is Interrupted ²	0.68	1.53	0.60	0.36	2.02			0.62	
	Asset Management	Distribution System Plan Implementation Progress	Completed	Completed	Completed	81%	81.25%				
	Cost Control	Efficiency Assessment	2	2	1	1	1				
		Total Cost per Customer ³	\$501	\$500	\$518	\$545	\$650				
		Total Cost per Km of Line ³	\$23,885	\$24,061	\$24,743	\$26,234	\$29,514				
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%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.32	0.97	0.95	0.78	0.72				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.02	1.15	1.09	0.96	1.01				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.78%	8.78%	8.78%	8.66%	8.66%			
			Achieved	7.58%	5.49%	5.93%	10.87%	4.27%			

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/sites/default/files/uploads/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2023, Lakefront Utilities Inc. (LUI) focused on addressing the growing infrastructure needs of its communities with significant investments. Key projects included the construction of a new municipal substation on Ontario Street, the rebuild of Kerr Street, and the installation of a new feeder for northeast Cobourg. These enhancements, along with facilitating over 480 new residential connections, are designed to support increasing demand and improve service reliability.

LUI also undertook several initiatives to improve its infrastructure and power reliability, such as upgrading to polymer switches and fibreglass brackets, and implementing a rigorous Vegetation Management Program. The strategic upgrade of the Victoria substation, which now includes a new transformer, is a critical step in strengthening the electric infrastructure and supporting future growth and environmental goals. These actions demonstrate LUI’s commitment to providing safe, reliable, and efficient services while planning proactively for community expansion.

LUI’s other performance outcomes involving: Customer Focus, Operational Effectiveness, Public Policy Responsiveness, and Financial Performance are further outlined below.

Service Quality

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

In 2023, LUI performed at 92.66% with meeting appointments on time, which exceeds the Board’s target of 90%. Electric field staff and management can manage all the orders to ensure timely completion in an efficient way due to mobile deployments implemented throughout the organization.

LUI works closely with developers to incorporate the connection work required during the various phases of construction to connect on time.

- **Scheduled Appointments Met On Time**

LUI scheduled 81 appointments in 2023 to complete work requested by customers. Like prior years, the utility performed well, meeting all scheduled appointments. LUI's performance of 96.30% exceeds the Ontario Energy Board (OEB) target of 90%.

- **Telephone Calls Answered On Time**

LUI received 3,480 qualifying incoming calls in 2023. The Distribution System Code (DSC) requires calls to be answered within 30 seconds when a customer calls into the customer care line. The Ontario Energy Board has a target for utilities to achieve at least a 65% answering time within 30 seconds from qualifying incoming calls. LUI exceeded these expectations by performing at 98.76%.

Customer Satisfaction

- **First Contact Resolution**

The Ontario Energy Board issued a new measure to see how successful utilities are at resolving customer requests from the first point of contact with the utility, starting July 1, 2014. Since this was a new implementation, utilities were given the opportunity to independently strategize how they could measure their first contact resolution.

LUI measures this performance by logging all calls, letters, and emails received, and tracks them to determine if the inquiry was successfully answered at the first point of contact. A series of logged calls would be created to assist the customer service representative to accurately choose the logged call pertaining to the inquiry received. A specific service order has been created to track any call, letter, or email that were not resolved at the first point of contact.

LUI performed at 99.94% with logging 2 requests needing secondary attempts to resolve.

- **Billing Accuracy**

It is a crucial part of our business to ensure accuracy on our customer's bill. LUI performs due diligence by testing

the consumption levels in correlation to the amount expensed to its customers. The utility also performs analysis of meter reading data and fixing any errors that may arise, before it is input onto the customer's bill.

In 2023, LUI issued 133,505 bills with 22 being inaccurate and requiring corrections and reissuing. LUI performed at 99.98% which is above OEB's standard of 98%.

- **Customer Satisfaction Survey Results**

LUI completed a survey in 2022 based on question scoring and index methodologies prescribed by the Electricity Distribution Association and a market research company called Innovative. A sample size of over 4% of LUI's customers were interviewed. LUI achieved a rating of 77.00%. This is consistent with prior years and LUI reviewed the survey results to implement new customer engagement methods.

Safety

- **Public Safety**

Public Safety measures are regulated by the Electrical Safety Authority and consists of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. Details of these three components are indicated below:

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

Component A is a survey that measures the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey provides a benchmark of the levels of awareness identifying areas where education and awareness efforts may be needed. LUI's results were 83.90%, an increase of 1.30% since the last survey completed in 2022 (82.60%).

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

Component B consists of utility 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. Lakefront Utilities Inc. was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) for the period of March 1, 2022 to February 28, 2023.

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

Component C consists of the number of serious electrical incidents and fatalities, which may occur within a utility's service territory. This measure is intended to address the impacts and need for improving public electrical safety on the distribution network. Lakefront Utilities Inc. rated 0.00 for serious electrical incidents per 100 km of line in 2023, similar to their achievements for the prior five years.

System Reliability

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

The average hours that power is interrupted is a measure of system reliability. In 2023, LUI experienced an average of 2.80 hours of power interruption for its customers, which is below the Ontario Energy Board's target of 1.41 hours. This performance fell short of the established standard.

LUI's electric team faced notable challenges due to reliability issues and essential system upgrades in 2023. Despite these demands, their resilience and commitment ensured that problems were addressed quickly, and improvements were implemented effectively. Their efforts were crucial in maintaining the reliability and stability of electric services for Cobourg and Colborne.

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

The average number of times that power to a customer is interrupted is a measure to determine the system reliability of delivering electricity. The average customer experienced power interruption 2.02 times in the year 2023 which is below the Ontario Energy Board's target of 0.62. This is mainly due to equipment failure and animal contact.

Unplanned outages are promptly communicated through Facebook, Twitter, the Lakefront App, Live Chat, phone, and our website, with real-time updates on size, location, cause, and dispatch.

Asset Management

- **Distribution System Plan Implementation Progress**

As a filing requirement with the Ontario Energy Board, a Distribution System Plan (DSP) needs to be completed by utilities consisting of several areas such as investment lifecycles, maintenance planning, renewable energy plans, and asset management policies. The DSP outlines LUI's forecasted capital expenditures, over the next five (5) years, required to maintain and expand the electricity system to service its current and future customers.

The key areas of focus in LUI's 5-year DSP include:

- Performance Measurement for Continuous Improvement
- Asset Management and Capital Investment Process
- Overview of Assets Managed
- Asset Lifecycle Optimization Policies and Practices
- Capital Expenditure Plan and Process Overview

Since the last Cost-of-Service application for rates effective January 1, 2022, LUI has completed 13 out of 16 capital projects by 2023, achieving 81.25% of the goal and remaining on schedule with the 5-year plan.

Cost Control

- **Efficiency Assessment**

The Ontario Energy Board acquired expert consultants from the Pacific Economics Group LLC (PEG) to evaluate electric distributors' efficiencies. These efficiencies are based on each utility's actual cost compared to the average levels predicted by a study conducted by PEG. Based on the efficiency levels achieved, each utility is grouped in their ranking with the most efficient being assigned to Group 1 and the least efficient to Group 5.

From 2013 to 2020 Lakefront was assigned to Group 2. With 57 electrical distributors across Ontario, LUI achieved a place in the most efficient group, Group 1 from 2021 to 2023.

- **Total Cost per Customer**

The total cost per customer is the sum of Lakefront's capital and operating costs incurred divided by the total number of customers that the distributor serves. LUI's total cost per customer for 2023 was \$650 which increased per customer by \$105 in comparison to the prior year. This is an increase of 16.15% compared to the prior year due to inflationary increases and infrastructure investments.

- **Total Cost per Km of Line**

The total cost per Km of line is a similar measure as above where it can be used as a comparison to other utilities and its past performance levels in terms of cost efficiencies. The total cost is divided by the kilometers of line that LUI operates to serve its customers. In 2023, LUI's cost per Km of line was \$29,514. This is an increase of 11 % compared to the prior 2022.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

The Conservation and Demand Management programs are being administered directly by the IESO, through Save On Energy programs.

LUI continues to promote conversation tips through social media, customer engagement activities, and newsletters to our customers. Tools were added to our customer portal such as real-time usage information and an electricity pricing plan calculator to assist customers to choose the best price plan based on their actual historical usage.

Connection of Renewable Generation

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

From 2020, connection impact assessments do not need to be reported to the OEB.

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

Micro-embedded generations are supplied from renewable energy sources such as sun, wind, and water at a capacity of less than 10 kW. In 2023, LUI had 4 micro-embedded generation facilities connected.

Financial Ratios

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

The current ratio is a test to see if a company is capable of paying its short-term debts and financial obligations. A

ratio under 1 indicates the company's current liabilities is greater than its current assets possibly causing them the inability to meet their short-term obligations. On the other hand, a greater than 1 ratio shows the company has a good standing with meeting its creditor's demand. Although it depends on industry to industry an adequate current ratio falls between 1.5 and 3.

In 2023, LUI's current ratio was 0.72, mainly due to rising inventory costs from higher prices and additional inventory purchased for capital projects.

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

The total debt to equity ratio is a measure of financial leverage used to finance a company's assets. This leverage is evaluated from the proportion between the shareholder's equity and debt. Ideally, the Ontario Energy Board structured the capital mix at a 60/40 (or 1.5) ratio. A ratio of more than 1.5 means the company may be highly leveraged with financing and possibly unable to generate adequate cash flow to pay its debt.

In 2023, LUI's debt-to-equity ratio is 1.01, reflecting stability with only minor changes from previous years.

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

The OEB permits an electricity distributor to earn within +/- 3% of the expected 8.66% return of equity. When a distributor performs outside of this earning threshold, a regulatory audit of the distributor's financials could be initiated by the OEB.

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

The OEB deemed return on equity for LUI is 5.66% to 11.66%. LUI achieved a return on equity of 4.27% in 2023,

LUI's return on equity was impacted by infrastructure investments (i.e. new substation) and increased costs for staffing vacancies.

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.