

Scorecard - Greater Sudbury Hydro Inc.

Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	Trend	Target		
									Industry	Distributor	
<b>Customer Focus</b> Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	99.20%	99.38%	99.63%	98.95%	99.49%	↑	90.00%		
		Scheduled Appointments Met On Time	99.89%	99.78%	100.00%	100.00%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	71.25%	71.26%	67.38%	64.22%	71.07%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	84.19%	82.69%	87.60%	87.86%	84.86%				
		Billing Accuracy	99.92%	99.93%	99.95%	99.97%	99.94%	↑	98.00%		
		Customer Satisfaction Survey Results	90%	91%	89%	93.60%	94.60%				
<b>Operational Effectiveness</b> Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	80.00%	83.00%	83.00%	85.00%	85.00%				
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	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 <sup>2</sup>	1.39	1.89	1.48	1.11	1.15	↓		1.43	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.41	1.03	0.99	1.16	1.62	↑		1.18	
	Asset Management	Distribution System Plan Implementation Progress	97.47%	84.72%	110%	90.44%	74.86%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer <sup>3</sup>	\$671	\$679	\$670	\$679	\$721				
		Total Cost per Km of Line <sup>3</sup>	\$31,690	\$31,938	\$31,590	\$31,877	\$13,572				
<b>Public Policy Responsiveness</b> 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 <sup>4</sup>			100.00%						
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%		
<b>Financial Performance</b> Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.45	1.48	1.13	1.30	1.33				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.86	1.76	1.22	1.19	1.13				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.98%	8.98%	8.52%	8.52%	8.52%			
			Achieved	7.72%	8.62%	2.04%	9.62%	10.52%			

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](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

## Scorecard MD&A - General Overview

2022 continued the trend of solid performance for Greater Sudbury Hydro Inc (GSH). With the exception of one Scorecard metric (discussed in system reliability below), GSH continued to meet or exceed industry expectations and achieve a high level of customer satisfaction.

### Service Quality

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

In 2022, GSH connected 99.49% of 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 Ontario Energy Board (OEB). This is a 0.54% improvement on our previous year’s performance. Where practicable, GSH coordinates connection activities with other planned construction activities undertaken by the utility, other utilities, or municipal and provincial government agencies.

- **Scheduled Appointments Met On Time**

There were 657 appointments involving meeting a customer, or the customer’s representative, where the appointment date and time is set. The utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

- **Telephone Calls Answered On Time**

In 2022, GSH’s customer contact center agents received over 42,000 calls from its customers. An agent answered a call in 30 seconds or less 71% of the time. This result is above the OEB-mandated 65% target for timely call response. Year over year, this metric improved by 11% over 2021.

## Customer Satisfaction

- **First Contact Resolution**

As a specific First Contact Resolution target and methodology has not been outlined, GSH has used the same process as in past years.

First Contact Resolution was measured based on live agent transactional phone surveys conducted by a third-party service provider. For the period January 1 to December 31, 2022, GSH provided the third-party service provider with a weekly sample of all inbound customer telephone calls into GSH's Customer Service department.

Third party telephone agents, in turn, contacted and surveyed customers - typically within a week of their initial inbound contact. Customers were asked to rate various facets of their customer experience, and were also asked if their issue (i.e. their reason for calling) was resolved on their first call to GSH. Using the results of this survey, GSH calculated a first contact resolution of 84.86% for 2022 which is lower than the 2021 results of 87.86%.

GSH endeavors to use the transactional customer survey results to identify customer service improvements with the intention of increasing first contact resolution in the future.

- **Billing Accuracy**

For the 2022 calendar year GSH issued approximately 576,900 bills and has reported a billing accuracy of 99.94%. This compares favourably to the OEB's prescribed target of 98% but is slightly lower than 2021 results of 99.97%.

- **Customer Satisfaction Survey Results**

Again in 2022, GSH engaged independent third-party survey firm, Oraclepoll Research, to conduct annual customer satisfaction surveys to provide valuable information in support of discussions and plans around improving customer service at all levels and in all departments within GSH. Oraclepoll Research has been doing this annual survey for GSH since 2013.

The survey asked core questions on a wide range of topics from overall satisfaction to pricing, value, reliability, methods of communication, asked for suggestions on improving customer service, and more. Each year, the survey also adds a few questions

surrounding specific activities the LDC may consider for the future; this year, we added questions on current ownership (or lease) of Electric Vehicles and the likelihood that the subject would procure an EV in the coming year, and surveyed the opinion of, and level of interest in, both Energy Self-Generation and Energy Storage.

Data obtained over the course of this annual survey is incorporated into GSH's planning process and forms the basis of plans to improve customer satisfaction and better meet the needs of both residential and business customers.

Each year, 400 Residential and 100 Business customers participate in the survey; both categories of customer showed slight improvements.

- Residential results improved from 93% in 2021 to 94% in 2022.
- Business results improved from 96% in 2021 to 97% in 2022.
- When weighted, the overall satisfaction result for residential and business customer combined in 2022 was 94.6%, an improvement of 1% over 2021. (Weighted to account for different sample sizes between residential and business customers surveyed.)

Older customers (45+) and those with income between \$50k-100k tended to score higher levels of satisfaction.

## Safety

- **Public Safety**

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

This information is collected biennially. GSH commissioned independent third-party survey firm Oraclepoll Research to survey the community with the six proscribed questions created by the ESA. The currently reported survey was conducted in mid-January 2022 using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that included both landline and cellular telephone numbers.

GSH rated 85% when the ratings and evaluation methodology outlined by ESA were applied to the responses. This was an improvement from the previous score of 83% reported for 2020 & 2021. The next survey will be conducted early in 2024 and new results reported on the 2023 Scorecard.

GSH continues to communicate safety messages to the communities we serve through a variety of channels.

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

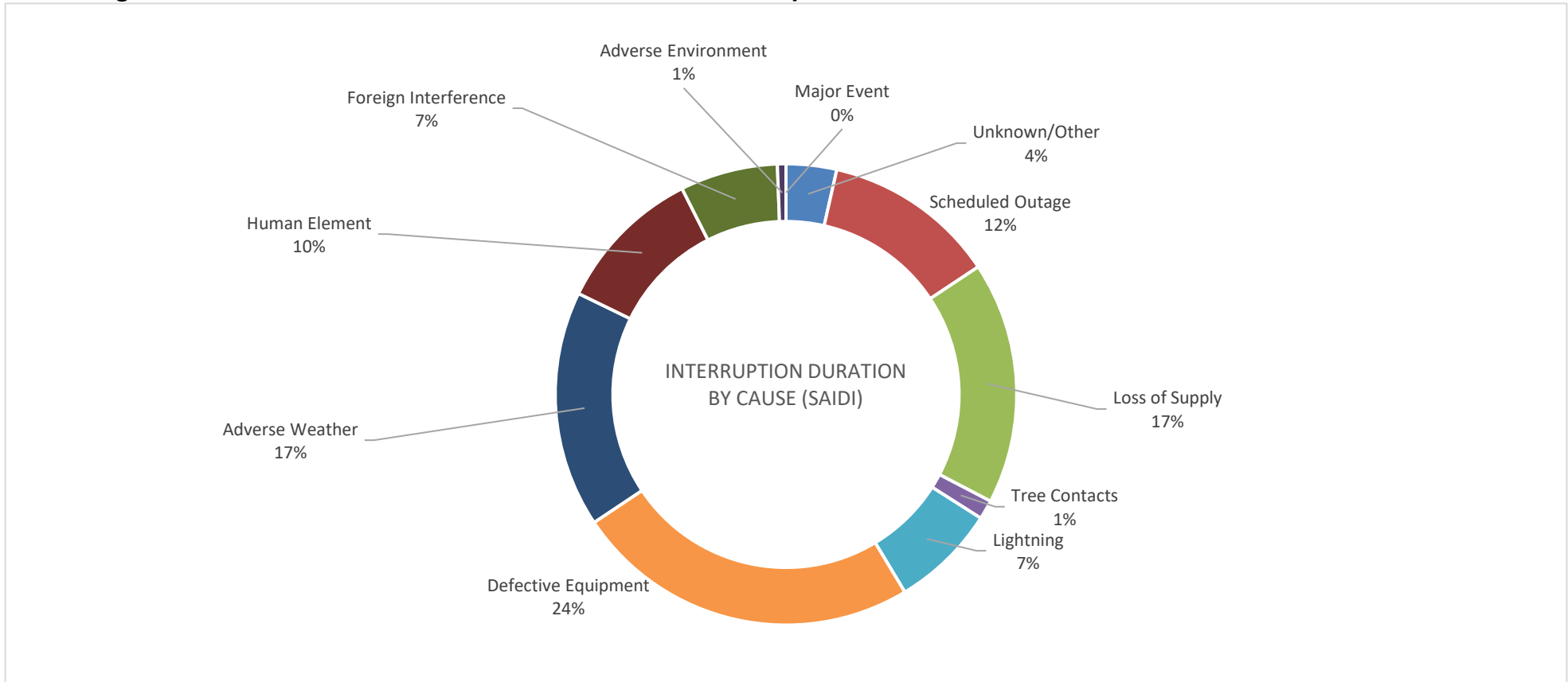
Over the past eleven years, GSH was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 – Electrical Distribution Safety establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications, and inspection of construction before they are put into service.

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

GSH has maintained a “Serious Electrical Incident Index” value of 0 for the past eleven years.

## System Reliability

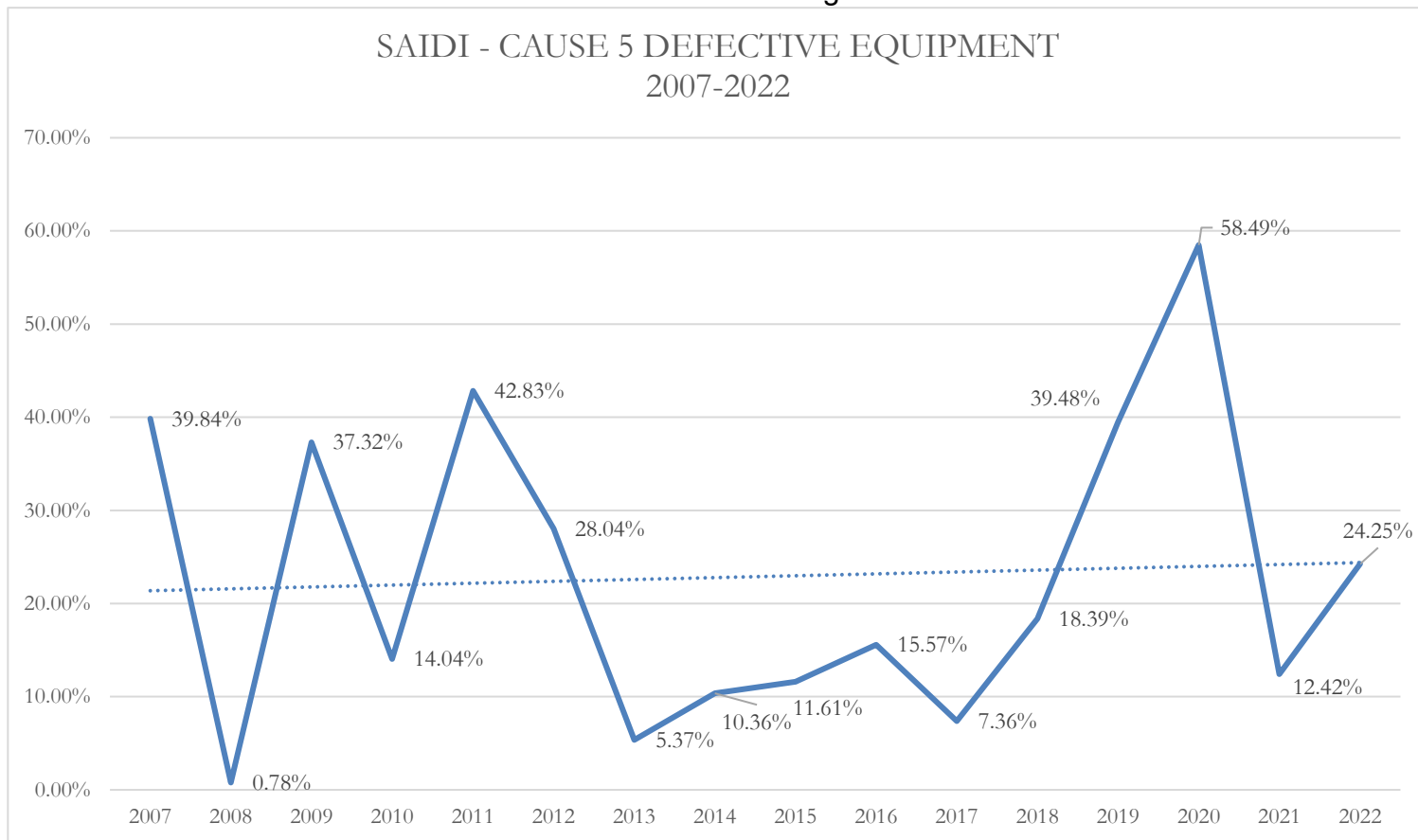
- **Average Number of Hours that Power to a Customer is Interrupted**



The above pie chart answers the following question: when power to a customer is interrupted, what percentage of the average hour of an outage is attributed to which cause? **Note:** the above includes the cause “Loss of Supply”, however this parameter is not within GSH’s control.

GSH experienced an increase in the average number of hours that power to a customer was interrupted during 2022 as compared to 2021 (exclusive of “Loss of Supply” outages). GSH’s Scorecard target for Average Number of Hours that Power to a Customer is Interrupted (i.e., duration) is 1.43. In 2022 GSH achieved better than this target with 1.15 hours but was slightly higher than the previous years performance of 1.11.

Until 2017, the duration of service interruptions due to Cause 5 (Defective Equipment) had historically been in a favourable downward trend. However, 2022 saw a continued increase in the contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIDI index for this outage cause code:

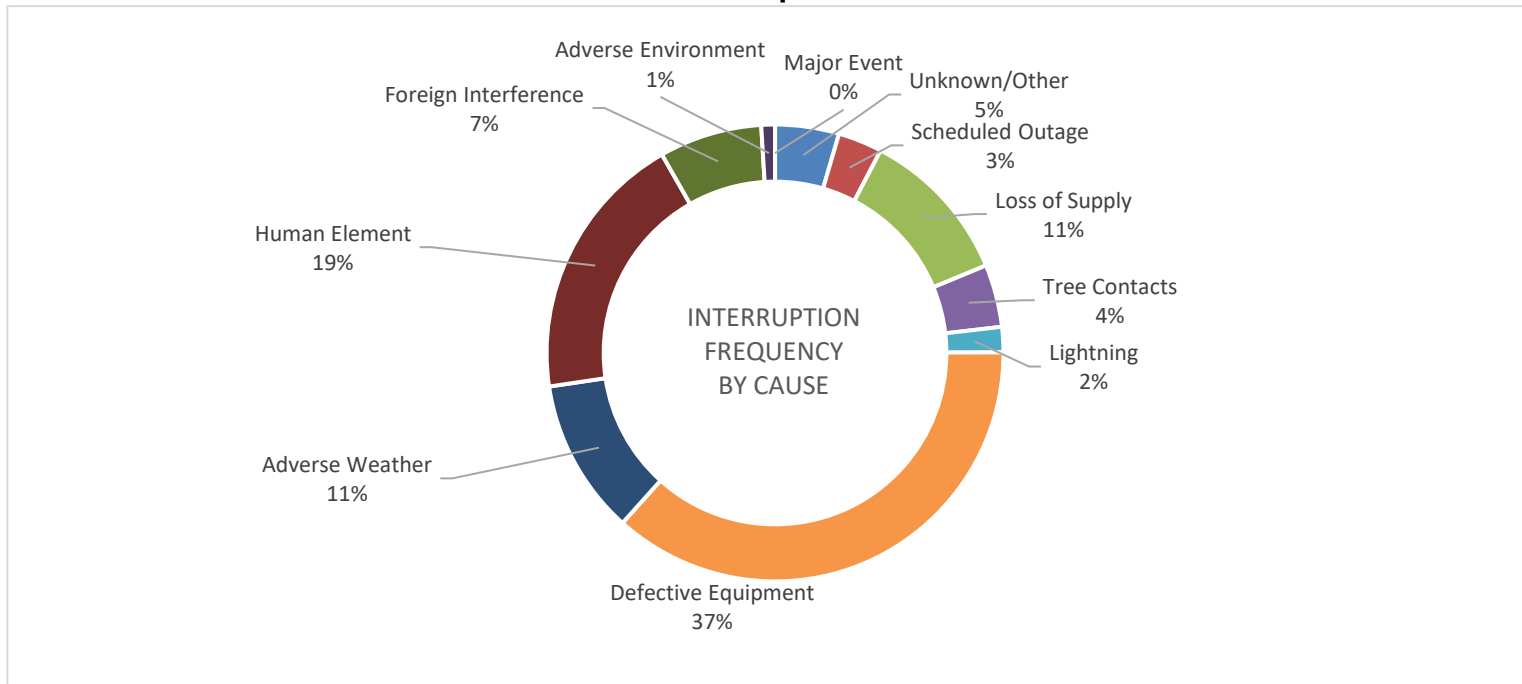


GSH has conducted a detailed review of its distribution assets in its Distribution System Plan, which provides for the renewal of its distribution system over the next five years. By focusing strategically on specific assets and/or asset populations, the plan includes, among its objectives, the goal of reducing the contribution of Cause 5-related outage events to the overall SAIDI index to below 15%. With a result of 24.25% in 2022, GSH did not meet this goal; however, the drop from 2020's result (58.49%) to 2022's result (24.25%) demonstrates the benefit of an increased focus on proactive asset renewal.

For all other outages (exclusive of "Loss of Supply"), "Scheduled Outages" was a leading cause contributing to outage duration at 12%. These types of outages have a substantial impact because of more rigorous safety procedures regarding worker safety and the type of work being undertaken. The performance of hazard analysis and job planning has resulted in frequent (and longer) planned outages. The Occupational Health & Safety Act requires that an Employer do "Everything reasonable in the circumstances for the safety of the worker" and the Infrastructure Health & Safety Association has embarked on "ZeroQuest", a path to zero Lost-Time Injuries (LTI) in the sector. GSH has embraced both concepts over the years. This practice is fully supported by Senior Management at GSH.

The year also saw a slightly higher than normal occurrence of outages attributed to "Adverse Weather". This outage cause was responsible for 17% of the composite SAIDI index. On March 6, 2022, a storm occurred that resulted in the equivalent of 5,561.2 hours of customer interruption, which equates to 50.7% of the total outage hours for this cause for the entire year. Next, an August 1<sup>st</sup> storm that brought high winds to the region resulted in the equivalent of 4,175 hours of customer interruption, which equates to 38% of the total outage hours for this cause for the entire year.

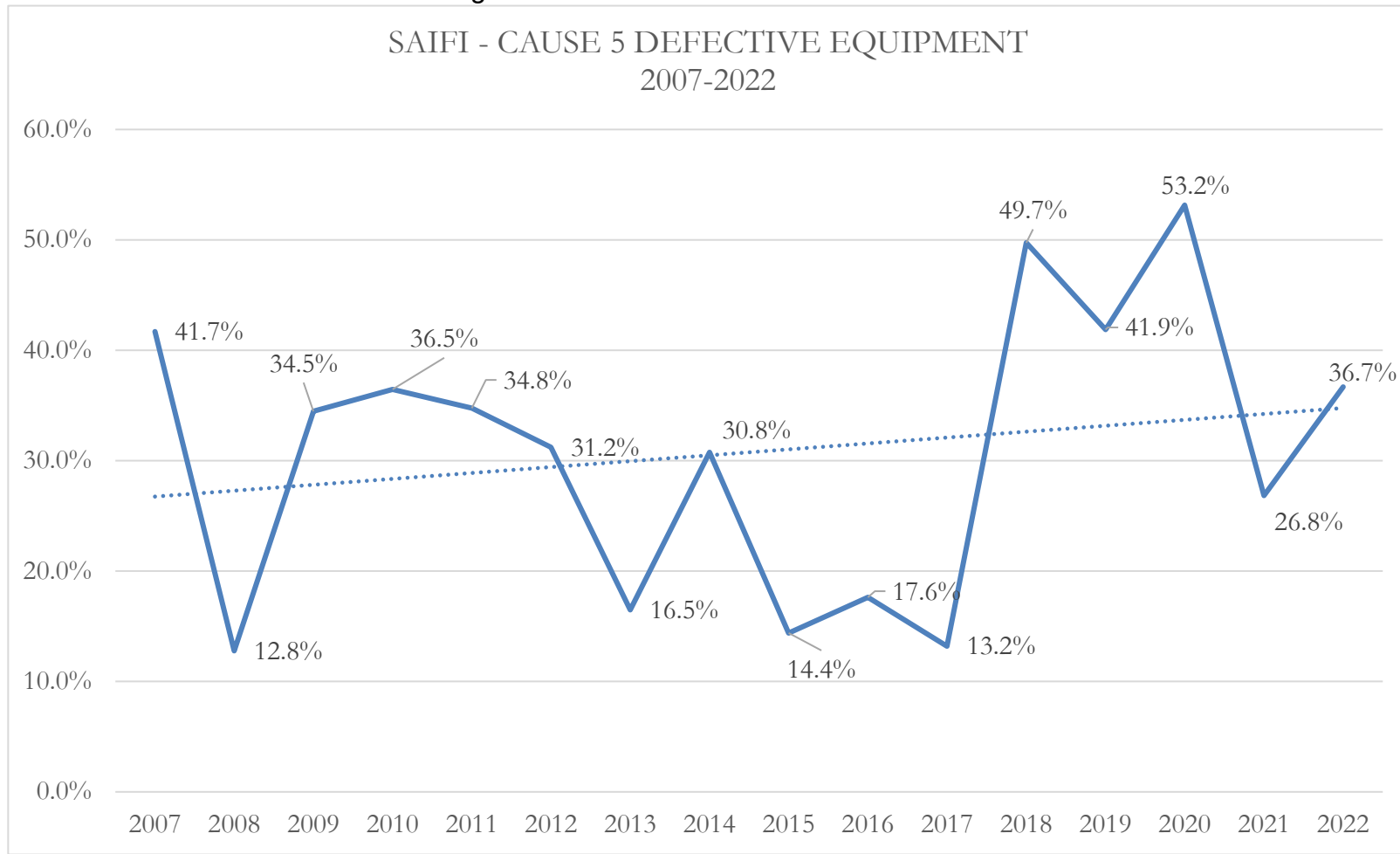
• **Average Number of Times that Power to a Customer is Interrupted**



The above pie chart answers the following question: when power to a customer is interrupted, what's the likelihood of a given cause? **Note:** the above includes the cause "Loss of Supply", however this parameter is not within GSH's control.

GSH experienced an increase in the average number of times that power to a customer was interrupted during 2022 as compared to 2021 (exclusive of "Loss of Supply" outages). The Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 1.62 was a reduction over 2021's performance of 1.16. This result is above GSH's Scorecard target of 1.18.

Meanwhile, the frequency of service interruptions due to Cause 5 (Defective Equipment) had until 2017 been in a downward trend. However, 2022 continued to see an elevated contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIFI index for this outage cause code:





GSH's Distribution System Plan has among its objectives the goal of reducing the contribution of Cause 5-related outage events to the overall SAIDI index to below 20%. With a result of 36.7% in 2022, GSH did not meet this goal; however, the drop from 2020's result (53.2%) to 2022's result (36.7%) demonstrates the benefit of an increased focus on proactive asset renewal.

For all other outages (exclusive of "Loss of Supply"), "Human Element" was a leading cause contributing to outage frequency at 19%. On July 19, 2022, a 40-minute outage affecting 9,328 customers occurred when a piece of equipment protecting the distribution system was left in a blocked position when a private contractor working in the vicinity of GSH plant left their work site at the end of their shift without notifying the control room that the block signal could be removed. As a result, what would have been a momentary outage became an outage of longer duration as the utility had to locate the contractor and determine appropriate next steps before the block signal could be removed.

## Asset Management

- **Distribution System Plan Implementation Progress**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The Distribution System Plan ("DSP") outlines GSH's forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess GSH's effectiveness at planning and implementing the DSP. GSH measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year per the DSP.

With actual capital spending of \$7,316,911, the 2022 measure indicates that Greater Sudbury Hydro realized reduced planned capital expenditures of \$9,772,887 by 25.1%.

Apart from substantially completing the projects as outlined in the DSP, the reduction of actual capital spending of \$2,455,976 was driven by the decision to defer reconstruction of existing municipal substation Moonlight MS18. Originally budgeted in the DSP at \$2,693,405 with an expected in-service date of 2022, the DSP noted at the time that "based on the information we have today, the project is prioritized correctly. However, these plans may have to be re-visited/re-evaluated and are contingent on the outcomes of the legal processes which are currently underway." The rebuild plans for municipal substation Moonlight MS18 have been subsequently readjusted to account for supply chain challenges brought on by the COVID-19 pandemic.

Finally, expected expenditures in relation to "Failed Transformers", "Emergency Plant Replacement" and "Major Substation Repairs" were \$563,460 less than originally forecast.

## Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by 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. For 2022 GSH is ranked in the third group based on the PEG calculation, which is consistent with the prior year.

GSH has continued to focus on controllable costs, reviewing many of the key business processes in an effort to optimize those processes and drive efficiencies.

- **Total Cost per Customer**

Total Cost per Customer is calculated as the sum of Greater Sudbury Hydro Inc.'s (GSH) operating costs and an inflated capital cost and dividing this cost figure by the total number of customers that GSH serves. The cost performance result for 2022 is \$721 per customer and ranges from \$670 to \$721 per customer in years 2018 through 2022.

The dollar amount used for GSH's total capital cost in this cost per customer calculation is derived by Pacific Economics Group LLC as part of its Ontario LDC benchmarking exercise. This exercise derived an inflated total capital cost of \$19.3 million for GSH in 2022, which does not approximate actual capital spend in the year. Actual capital additions were \$9.9 million in 2022. If this calculation used actual capital costs, the cost per customer in 2022 would be \$524.

- **Total Cost per Km of Line**

For the year ended December 31, 2022 GSH began reporting its secondary kilometers of line in addition to its primary kilometers of line. The total kilometers reported is factored into the calculation for Total Cost per km of Line. Reporting secondary kilometers of line has been optional for utilities, while reporting primary kilometers of line is mandatory. If GSH had reported its secondary kilometers of line for the 2021 year, the Total Cost per Km of Line would have been calculated as \$12,612 compared to 2022's result of \$13,572).

This measure uses the same total cost that is used in the Total Cost per Customer calculation above. The total cost is divided by the kilometers of line that GSH operates to serve its customers. Please see the relevant discussion under "total cost per customer".

If this calculation used actual capital costs, the "cost per KM of line" in 2022 would drop from \$13,572 to become \$9,875.

## Connection of Renewable Generation

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

Depending on the size of a proposed embedded generation facility, electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of the receipt of the application where no distribution system reinforcement or expansion is required. In 2022, however, GSH was not tasked with completing any CIAs. In the event it is required, GSH outsources the CIA work to an engineering consultant. To further improve the speed of CIA delivery, GSH sets strict guidelines on the information required by the proponent even before we begin the CIA work.

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

In 2022, GSH connected seven (7) new micro-embedded generation facilities (distributed energy resource with nameplate capacity equal to or less than 10kW) 100% of the time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers. GSH works closely with its customers and their contractors to tackle any connection issues and ensure a micro-embedded generation facility is connected on time.

## 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. Companies with a ratio of greater than 1 are often referred to as being “liquid”. GSH’s current ratio increased from 1.30 to 1.33 from 2021 to 2022.

- **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. The 2022 Scorecard shows a change in the total debt-to-equity ratio for GSH from 1.19 in 2021 to 1.13 in 2022.

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

Greater Sudbury Hydro's 2022 distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.52%. 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 cost structure by the OEB.

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

GSH's regulatory return achieved in 2022 was 10.52%, which is within the +/- 3% range allowed by the OEB.

## 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.