

Scorecard - Sioux Lookout Hydro Inc.

									Target		
Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	Trend	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	94.41%	91.52%	91.96%	94.14%	100.00%	⬆️	65.00%		
	Customer Satisfaction	First Contact Resolution	100%	100	A-	A	A				
		Billing Accuracy	99.86%	99.96%	99.69%	99.78%	99.99%	⬆️	98.00%		
		Customer Satisfaction Survey Results	72.07	83.51	83.51	79.22	79.22				
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	80.00%	80.00%	79.00%	79.00%	84.00%				
		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	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	0.85	1.34	0.78	1.61	0.35	⬇️		1.20	
		Average Number of Times that Power to a Customer is Interrupted ²	0.47	1.14	0.39	0.45	0.16	⬇️		0.64	
	Asset Management	Distribution System Plan Implementation Progress	89.86%	122.3%	114%	117%	128%				
	Cost Control	Efficiency Assessment	2	2	1	1	1				
		Total Cost per Customer ³	\$869	\$850	\$818	\$836	\$920				
		Total Cost per Km of Line ³	\$3,478	\$3,392	\$3,335	\$3,411	\$3,797				
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%						90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.87	0.74	0.68	0.66	0.63				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.36	0.46	0.57	0.55	0.51				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.00%	9.00%	9.00%	9.00%	9.00%			
			Achieved	8.41%	8.07%	9.26%	11.05%	11.45%			

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, Sioux Lookout Hydro met all of its performance targets.
- Service Quality metrics are consistently above the Industry targets. Sioux Lookout Hydro is committed to maintaining this level of service.
- Safety and Reliability remain at the forefront of Sioux Lookout Hydro’s priorities and the implementation of the Distribution System Plan in 2018 solidifies SLHI’s commitment to improve these objectives for optimal results.
- Cost control is always a challenge for Sioux Lookout Hydro given its small customer base and large service territory containing long spans of line located in unpopulated forested areas. Maintaining and upgrading our Distribution System in order to improve system reliability and meet regulatory requirements will require ongoing investments as our infrastructure and equipment ages. Despite this, Sioux Lookout Hydro’s Efficiency Assessment changed from 2 to 1 in 2021 indicating greater efficiency through the Ontario Energy Board’s Benchmarking process. The Group 1 Efficiency Assessment has been maintained for 2022 and 2023.

Service Quality

- **New Residential/Small Business Services Connected on Time**
 - Sioux Lookout Hydro has exceeded this measure from 2016 to 2023 scoring at 100% of services connected on time, which is within 5 days of receiving the connection authorization from the Electrical Safety Authority. Sioux Lookout Hydro strives to connect new services on the same day the connection authorization is received by the Electrical Safety Authority. In 2023 SLHI connected 44 new services.
- **Scheduled Appointments Met On Time**
 - In 2023 Sioux Lookout Hydro scheduled 97 appointments with a customer representative, all of these were met on time for a score of 100.00%. Sioux Lookout Hydro’s goal is to continue to meet 100% of appointments on time.

- **Telephone Calls Answered On Time**

- Sioux Lookout Hydro received 2,804 qualified incoming calls in 2023. 100.00% of these calls were answered within 30 seconds. Due to the small size of the utility, Sioux Lookout Hydro does not have a sophisticated Call Centre therefore all calls are answered in person by our office staff.

Customer Satisfaction

- **First Contact Resolution**

- In 2021 Sioux Lookout Hydro changed the way it evaluates First Contact Resolution. Due to the small size of the Utility, Sioux Lookout Hydro rarely has any customer matters escalated in order to resolve them. The change from a number metric to a letter grade reflects a range on which to classify the level of service during the year. The chart below provides an explanation of the grade assigned that will be assigned each year.

Score	# customer matters escalated during the year
A+	0
A	1
A-	2 to 5
C+	6 to 10
C	11 to 15
C-	16 to 20
F	more than 20

- In 2023 Sioux Lookout Hydro had one verifiable customer complaint that was submitted to the Ontario Energy Board therefore a score of A was assigned.

- **Billing Accuracy**

- In 2023 Sioux Lookout achieved 99.99% billing accuracy, exceeding the industry target of 99%. We will continue to have effective processes and procedures in place to verify information before bills are issued in order to maintain a high level of billing accuracy.

- **Customer Satisfaction Survey Results**

- In September 2022 Sioux Lookout Hydro (SLH) conducted a customer satisfaction survey which ran until October 31, 2022. The survey used was developed by Innovative Research Group for the EDA in January 2016. Overall Customer satisfaction and five key areas were addressed. They were: Power Quality and Reliability, Price, Billing and Payment, Communications and the Customer Service Experience. A Customer Satisfaction Index Score was determined based on the results from each area.
- All residential and small business customers were given the opportunity to comment on SLH's performance, voice concerns and present their opinion on present and future services. SLH performed the survey using Survey Monkey. A pop-up invitation was posted on SLH's website and a link in their Facebook page which was pinned to the top of the page. SLH had 126 responses through both collectors compared to 84 from the 2020 survey. This represents approximately 4% of all residential and small business customers.
- The highest satisfaction score was 88.4% for Billing and Payment and the lowest was Price at 45.3%.
- Sioux Lookout Hydro's Overall Customer Satisfaction score was 79.22%. Sioux Lookout Hydro will endeavor to increase customer satisfaction and meet at least 80% overall satisfaction during the next cycle.
- The next survey is scheduled for the Fall of 2024.

Safety

- **Public Safety**

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

- Sioux Lookout Hydro hired UtilityPULSE, an independent survey company to perform the survey online using social media, direct email invites and the Sioux Lookout Hydro website to connect with 175 members of the general population of the Municipality of Sioux Lookout.
- The latest survey was conducted early 2024 and completed in Q1 2024. The results indicate that the Level of Public Awareness has increased 5% since the last survey from 79% to 84% public awareness.
- The survey was developed by the Electrical Safety Authority and will be used going forward to measure the level of awareness of key electrical safety precautions among the public within Sioux Lookout Hydro's service territory.

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

- Sioux Lookout Hydro was compliant with Ontario Regulation 22/04 for 2023 and all preceding years. The company is audited yearly by an independent auditor as required by the Electrical Safety Authority. The purpose of the audit is “To conduct a comprehensive review of the processes, guidelines, and standards used by Sioux Lookout Hydro Inc. in their designs, construction, installations, use, maintenance and repairs, extensions, connections and disconnections of electrical equipment forming the distribution system as to avoid or reduce the possibility of electrical hazards.” Sioux Lookout Hydro will continue to modify its processes in order to improve efficiency and to maintain a safe distribution system free from hazards.

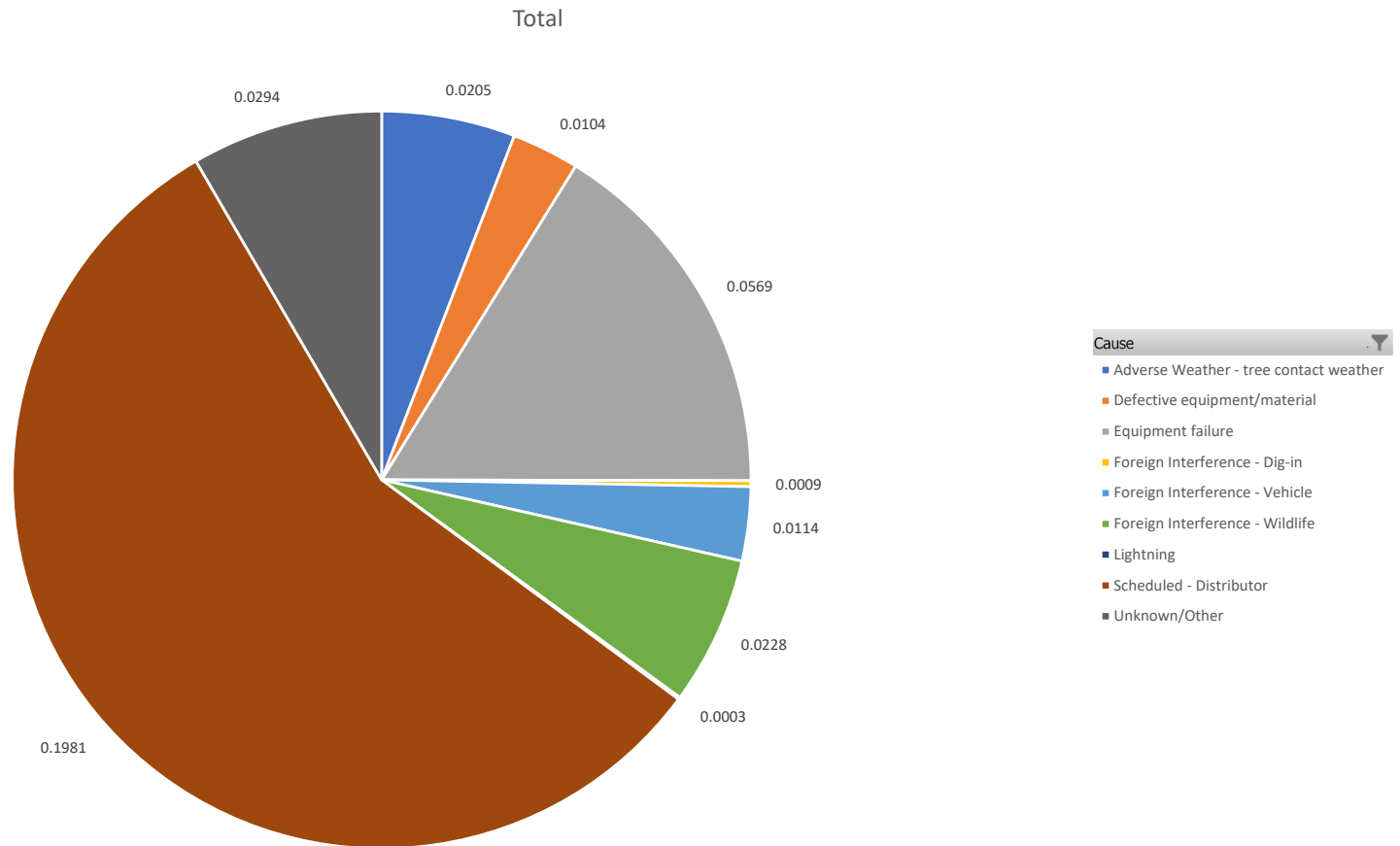
- **Component C – Serious Electrical Incident Index**

- Sioux Lookout Hydro has not had any serious electrical incidents. Sioux Lookout Hydro will continue to promote safe work practices and safety to the public in order to prevent such incidents.

System Reliability

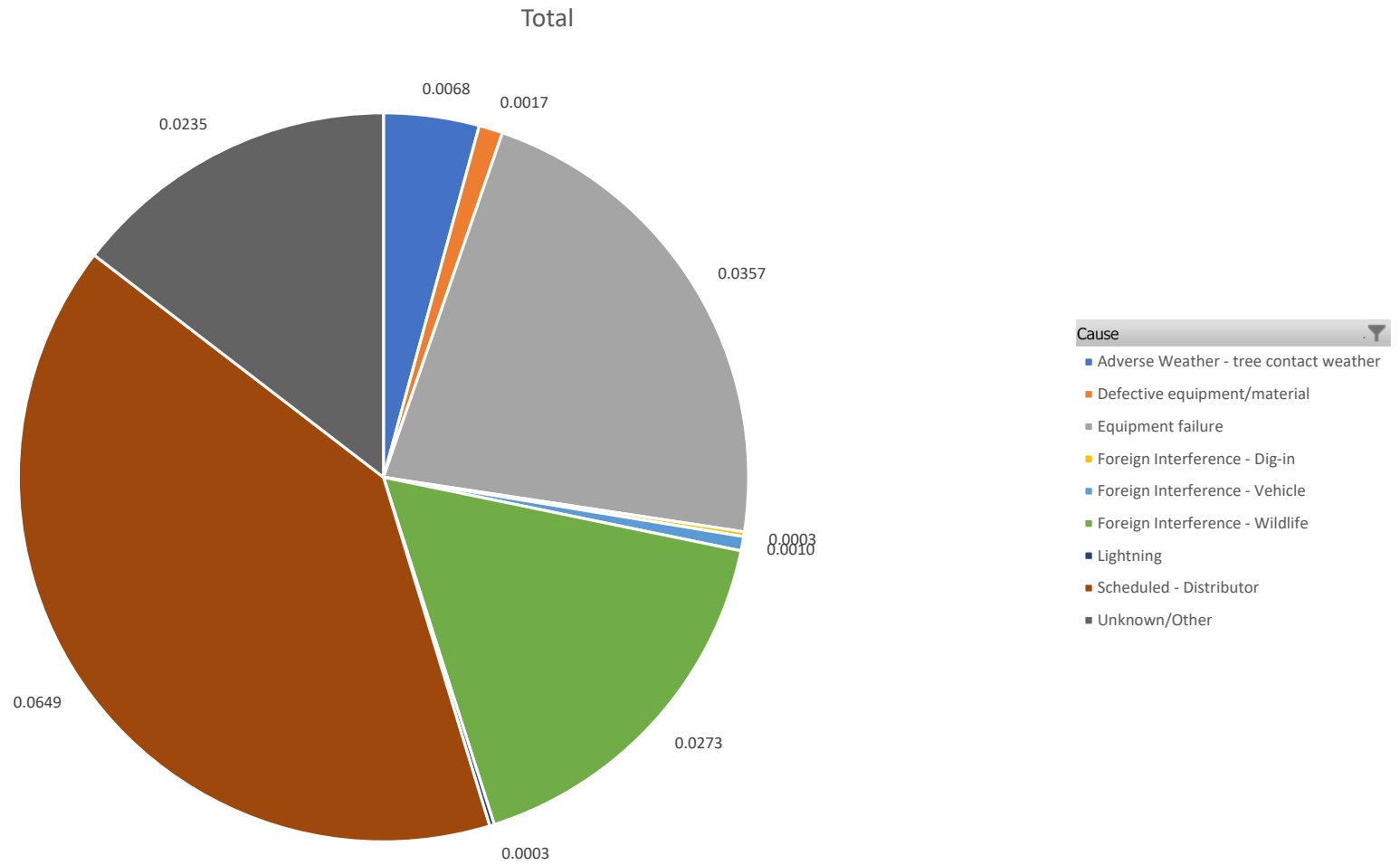
- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that power to customers was interrupted decreased by 1.26 hours in 2023 from 1.61 in 2022 to 0.35. The distributor specific target is 1.20, which is based on Sioux Lookout Hydro’s five-year average. The decrease is a result of significantly less storm activity in Sioux Lookout’s service territory as compared to 2022. As a result, the majority of interruptions (56%) were due to scheduled outages. Sioux Lookout Hydro continues to perform scheduled outages each year. They are necessary to provide better reliability in the future and mitigate unscheduled outages due to defective equipment.



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

- The average number of times that power to a customer was interrupted decreased in 2023 by .29 from 0.45 to 0.16. The distributor specific target is 0.64, which is based on Sioux Lookout Hydro’s five-year average.



Asset Management

- **Distribution System Plan Implementation Progress**

- The Distribution System Plan implementation progress was a performance measure instituted by the OEB starting in 2013. Sioux Lookout Hydro submitted their Distribution System Plan to the OEB as part of their 2018 Cost of Service Rate Application. The plan outlines Sioux Lookout Hydro's forecasted capital expenditures over the next five years from 2018 to 2022 that are required to maintain and expand the electrical distribution system within Sioux Lookout to service its current and future customers.
- 2018 was the first year of the five-year plan, which was approved by the OEB in the 2018 Cost of Service Application. The 108.4% is the percentage of the actual capital expenditures over the approved budgeted amount.
- In 2019 Sioux Lookout Hydro's actual capital expenditures were 89.86% of the approved budgeted amount. This is mainly due to less money being spent on pole replacements than budgeted for. The amount of actual expenditures varies depending on many different factors such as the location of the pole (i.e. rock, heavily wooded) and equipment attached to the pole.
- In 2020 Sioux Lookout Hydro's actual capital expenditures were 122.3% over the approved budgeted amount. The main driver for the increase is the costs for a large new customer connection. These costs were offset by capital contributions.
- In 2021 Sioux Lookout Hydro's actual capital expenditures were 114% over the approved budgeted amount. The main driver for this was again the cost to connect new customers as well as some unexpected capital replacements due to a severe storm experienced on June 23, 2021.
- In 2022 Sioux Lookout Hydro's actual capital expenditures were 117% over the approved budgeted amount. There were two drivers to the increase. The first was an increase in costs for pole replacements and the second was increases in the cost of purchasing transformers.
- In 2023 Sioux Lookout Hydro's actual capital expenditures were 128% over the approved budgeted amount. The drivers were increased costs for pole replacements and costs related to new connections.

Cost Control

- **Efficiency Assessment**

- The total cost and efficiency estimates use complex calculations that were developed by an independent third-party consultant of the OEB, Pacific Energy Group (PEG) 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 seven years in a row, from 2012 to 2018, Sioux Lookout Hydro was placed in Group 3, where a Group 3 distributor is defined as having actual costs within +/- 10 percent of predicted costs. Group 3 is considered “average efficiency” – in other words, Sioux Lookout Hydro costs were within the average cost range for distributors in the Province of Ontario.
- For 2019 and 2020 Sioux Lookout Hydro was placed in Group 2. The achieved actual costs for 2020 were 25.8% less than predicted costs. This is an improvement over 2019 where the actual costs were 19% less than predicted costs. A Group 2 Distributor is defined as having actual costs from 10% to 25% less than predicted costs. The average three-year ranking is used to determine which group the Distributor will be placed in. For 2017-2019 predicted costs averaged (14.6)% and for 2018-2020 the average was (20.6)%.
- For 2021 Sioux Lookout Hydro’s actual costs were 35.1% less than predicted costs, and the average for 2019- 2021 was 26.6% less than predicted costs. This improved cost efficiency resulted in assigning Sioux Lookout Hydro from Group 2 to Group 1 cost performance. A Group 1 Distributor is defined as having actual costs more than 25% less than predicted costs.
- For 2022 Sioux Lookout Hydro maintained their status in Group 1. In 2022 actual costs were 41.9% less than predicted costs and the average for 2020-2022 was 34.3% less than predicted costs.
- For 2023 Sioux Lookout Hydro again maintained their Group 1 status. The actual vs predicted cost report was not available at the time of submission of the MD&A. Our forward- looking goal is to maintain our status as a Group 1 “most efficient” LDC.

- **Total Cost per Customer**

- The total cost per customer is calculated as the sum of Sioux Lookout Hydro's capital and operating costs and dividing this cost figure by the total number of customers that Sioux Lookout Hydro serves. Sioux Lookout Hydro's total cost per customer remained relatively stable over 2018 through to 2022.
- In 2023 the cost per customer increased by \$84. The increase is due mainly to the rise in the cost of materials due to high inflation over the past couple of years.
- Sioux Lookout Hydro will continue to seek ways to become more efficient in its operations in order to reduce operating costs. We have found sharing services among the other Northwest LDCs allows us to achieve savings and will continue to seek ways to partner together in order to reduce costs.

- **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 divided by the kilometers of line that Sioux Lookout Hydro operates to serve its customers. As with Total Cost per Customer, the cost per Km of line has remained stable from 2018 to 2022.
- In 2023 the cost per Km of Line increased by \$386. As with the increase in cost per customer, this is explained by the rise in the cost of materials due to high inflation over the past couple of years.
- Sioux Lookout Hydro will continue to seek ways to become more efficient in its operations in order to reduce operating costs. We have found sharing services among the other Northwest LDCs allows us to achieve savings and will continue to seek ways to partner together in order to reduce costs.

Connection of Renewable Generation

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

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving the authorization from the Electrical Safety Authority. Sioux Lookout Hydro did not have any requests to connect a generation project over 10 kW in 2023.

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

In 2023 Sioux Lookout Hydro did not have any requests to connect micro-embedded generation facilities.

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”. 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.

Sioux Lookout Hydro’s liquidity is currently at 0.63. This has decreased from .66 in 2021. Sioux Lookout Hydro attributes the decrease to factors relating to more tightly aligning its revenue and expenses through the implementation of the new Accounting Guidelines related to Cost of Power Accounts 1588 and 1589 and more closely aligning its Line Loss adjustment factor to actual line loss for the purpose of billing customers. Sioux Lookout Hydro continually monitors its short-term assets to ensure that all of its short term obligations are met.

- **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).

Sioux Lookout Hydro’s debt to equity ratio of 0.51 is less than 1.5 and indicates that the organization is less levered than the deemed capital structure.

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

The 9.00% deemed rate of return was established during Sioux Lookout Hydro’s last cost of service rate application for 2018 rates in decision EB-2017-0073. The deemed rate of return is adjusted by the Ontario Energy Board (OEB) each time the utility submits a cost of service rate application. 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**

In 2023, Sioux Lookout Hydro over-achieved the deemed return on equity by 2.45%. As expected, the achieved Regulated Return on Equity was within the +/- 3% deadband.

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.