

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: http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

In 2023, Northern Ontario Wires Inc. once again performed well on performance targets with the exception of SAIDI and SAIFI. System reliability results show that NOW Inc. experience reliability issues in 2023. This can be a result of more timely notification of outages by customers, along with the vegetation management hitting a critical mass that is impacting the system more regularly. There were less prolonged outages as a result of severe weather. NOW Inc. is continuing to work to increase resiliency to weather and foreign interference that is impacting statistics. NOW Inc. is implementing outage management tools that will assist in identifying and mitigating potential concerns which will impact NOW Inc. statistics.

In 2024, the company expects to realize financial impact of Cost of Service preparation for 2025 rates and improve reliability scores with project underway. Improving results is a priority focus as this enhances overall operational effectiveness, performance and customer satisfaction.

Service Quality

• New Residential/Small Business Services Connected on Time

In 2023, Northern Ontario Wires Inc. connected 100% of one 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 percentage is maintained from the previous year and above the OEB-mandated threshold of 90%. Where possible, Northern Ontario Wires Inc. coordinates connection activities with other planned construction activities undertaken by the utility, other utilities or municipal and provincial government agencies. Northern Ontario Wires Inc. continuously works with local municipalities, to further enhance the coordination between municipal and electrical distribution construction activities.

• Scheduled Appointments Met On Time

Northern Ontario Wires Inc. meets with customers to complete work, read meters, reconnect, or otherwise perform necessary consultation. The 2023 result is consistent with the prior year as the utility met 100% of these appointments on time, which significantly exceeds the industry target of 90%.

• Telephone Calls Answered On Time

In 2023 Northern Ontario Wires Inc. received approximately 3,939 calls from its customers, which is similar to the previous year. Our clerks answer calls within 30 seconds or less at all times. This result significantly exceeds the OEB-mandated 65% target for timely call response. Northern Ontario Wires Inc. does not have an automated system and promotes a one-on-one friendly service.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution can be measured in a variety of ways and further regulatory guidance is necessary in order to achieve meaningful comparable information across electricity distributors.

For Northern Ontario Wires Inc., First Contact Resolution was measured based on whether the clerk answering the call resolved the issue. This is documented for each call. In some cases, written correspondence was required and documented accordingly. NOW Inc. resolved issues with 100% accuracy. In most cases, balance inquiries or notifications of moving are the primary reason for calls.

- **Billing Accuracy**

For the period from January 1, 2023 – December 31, 2023 Northern Ontario Wires Inc. issued more than 71,978 bills and achieved a billing accuracy of 99.96%. This compares favorably to the prescribed OEB target of 98%.

Northern Ontario Wires Inc. continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The Ontario Energy Board (OEB) introduced the Customer Satisfaction Survey Results measure beginning in 2013. At a minimum, electricity distributors are required to measure and report a customer satisfaction result at least every other year. At this time the Ontario Energy Board is allowing electricity distributors discretion as to how they implement this measure.

Northern Ontario Wires Inc. last conducted a customer satisfaction survey in 2022. The customer satisfaction survey provides information that supports discussions surrounding improving customer service at all levels and departments within Northern Ontario Wires Inc. The final report on these customer satisfaction surveys evaluates the level of customer satisfaction and identifies areas of improvement. It also helps identify the most effective means of communication. The survey asks customers questions on a wide range of topics, including: overall satisfaction with Northern Ontario Wires Inc. reliability, customer service, outages, billing and corporate image. In its 2022 Scorecard Northern Ontario Wires Inc. reported the number of customers that were very or fairly satisfied and received a score of 88%. The general feedback was positive and Northern Ontario Wires Inc. will continue to monitor customer satisfaction and response.

Safety

- **Public Safety**

The Ontario Energy Board (OEB) introduced the Safety measure in 2015. This measure looks at safety from a customers' point of view as safety of the distribution system is a high priority. The Safety measure is generated by the Electrical Safety Authority (ESA) and includes three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index.

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

Northern Ontario Wires Inc. continues to promote electrical safety within the service territories and maintains a website with safety tips for when dealing with electricity. Additionally, information detailing outages and how to prepare for them are outlined for customer reference. NOW Inc. performed the last Electrical Safety Authority Survey in 2023 and received a score of 82.06%. This is similar to the score achieved in 2021 which was 81.67%. NOW Inc., will continue to monitor its messages to enhance customer safety.

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

In March 2023 Northern Ontario Wires Inc. was found to be in good compliance with Ontario Regulation 22/04 (Electrical Distribution Safety). Northern Ontario Wires Inc. has a 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**

Northern Ontario Wires Inc. had no reported incidents.

System Reliability

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

Northern Ontario Wires Inc. experienced an increase in the average number of hours that power to a customer was interrupted during 2023. A result of 8.06 was achieved which is above the target of 3.69. Despite Northern Ontario Wires Inc.'s system reliability improvement trend in the last few years, there was a significant increase in tree contact related outage along with foreign interference. NOW Inc. has identified solutions to address this issue including significant investment in vegetation management and the implantation of distribution system coordination. The Distribution system coordination has begun in 2024 and further investments have been put in the 2025 Cost of Service Application. Additionally, NOW's construction standards are being reviewed to improve resiliency to such events, including severe weather, wherein enhanced tree trimming practices are being enacted and upgrades to the distribution system are being regularly implemented.

Northern Ontario Wires Inc. continues to view reliability of electricity service as a high priority for its customers and as such developed a program several years ago for the continuous improvement of reliability, which has been incorporated into the Asset Management Plan and capital works.

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

In 2023, Northern Ontario Wires Inc.'s Average Number of Times that the Power to a Customer was Interrupted (i.e., frequency) is 2.19 which is above the 1.47 target. The frequency of outages was on a downward trend in recent years but spiked in 2023 as discussed above. Northern Ontario Wires Inc. has adopted 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.

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 Northern Ontario Wires Inc.’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 NOW’s effectiveness at planning and implementing the DSP. Northern Ontario Wires Inc. measures the progress of its DSP implementation against a target based on planned activities, the capital expenditure and amount of work completed are both utilized to come up with a determination for each calendar year.

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. In 2023, for the twelfth year in a row, Northern Ontario Wires Inc. was placed in Group 1, where a Group 1 distributor is defined as being the most efficient. Northern Ontario Wires Inc. is continually working to ensure this rating continues.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Northern Ontario Wires Inc.’s capital and operating costs and dividing this cost figure by the total number of customers that NOW Inc. serves. The cost performance result for 2023 is \$847 /customer which is a 10.1% increase over 2022.

Northern Ontario Wires Inc. continues to strive to increase operating efficiency in order to provide the cost-effective service to our customers. Province wide programs such as Tier pricing, Time of Use pricing, Ultra-Low Overnight pricing, growth in wage and benefits costs for our employees, as well as investments in new information systems technology and the renewal and growth of the distribution system, have all contributed to operating and capital costs. Northern Ontario Wires Inc. will continue to implement productivity and improvement initiatives to help offset some of the costs associated with future system improvement and enhancements.

- **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 Northern Ontario Wires Inc. operates to serve its customers. NOW’s 2023 rate is \$13,645 per Km of line, a 10.5% increase over 2022. Northern Ontario Wires Inc. experienced a low level of growth in its total kilometers of lines due to a low annual customer growth rate. See above cost per customer section for cost drivers commentary. Northern Ontario Wires Inc. continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

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 authorization from the Electrical Safety Authority. NOW Inc. had no Connection Impact Assessments for projects >10kW in 2023. Northern Ontario Wires Inc. outsources the CIA work to an engineering consultant.

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

In 2023, Northern Ontario Wires Inc. had no new micro-embedded generation facilities (microFIT projects of less than 10 kW). 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. NOW Inc. works closely with its customers and their contractors to tackle any connection issues to ensure the project 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”. 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.

Northern Ontario Wires’ current ratio decreased from 1.38 in 2022 to 1.19 in 2023. This level continues to allow NOW Inc. to meet current obligations. Additionally, NOW Inc. currently regularly pays the principal portion of long-term debt that is not included in funding which would reduce current assets with no comparative decline in current liabilities.