

Scorecard - E.L.K. Energy 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	99.34%	99.50%	99.59%	99.64%	100.00%	↑	90.00%		
		Scheduled Appointments Met On Time	100.00%	99.07%	100.00%	100.00%	100.00%	↑	90.00%		
		Telephone Calls Answered On Time	97.69%	95.08%	91.20%	91.10%	91.02%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution	Excellent	Excellent	Excellent	Excellent	88%				
		Billing Accuracy	99.96%	99.95%	99.97%	99.93%	99.32%	↓	98.00%		
		Customer Satisfaction Survey Results	91% Satis	91% Satis	92.4 Satis	92.4 Satis	92.1% Satis				
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%	99.50%	99.50%	88.00%				
		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	1.85	3.34	0.65	0.32	0.71	↓		1.62	
		Average Number of Times that Power to a Customer is Interrupted ²	0.72	1.15	0.20	0.12	0.29	↓		0.55	
	Asset Management	Distribution System Plan Implementation Progress	In progress	In Progress	In Progress	In Progress	In Progress				
	Cost Control	Efficiency Assessment	1	1	1	1	1				
		Total Cost per Customer ³	\$418	\$380	\$437	\$559	\$593				
		Total Cost per Km of Line ³	\$31,613	\$28,537	\$31,789	\$39,944	\$43,176				
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							90.00%		
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.95	2.67	3.64	3.98	3.79				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.28	0.21	0.16	0.15	0.13				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.78%	8.78%	8.78%	8.66%	8.66%			
			Achieved	9.66%	11.76%	10.93%	-1.97%	-22.33%			

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:

[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

- E.L.K. Energy Inc. (E.L.K.) is a leading energy company that takes pride in owning, operating and managing the assets responsible for distributing electrical service to approximately 12,719 customers across six diverse communities. These areas include Essex, Harrow, Kingsville, Belle River, Cottam and Comber. With a strong focus on reliable service, E.L.K. strives to meet the energy demands of its customers both now and in the future. The company’s dedication to performance improvement is evident in its continuous efforts to innovate and enhance its operations, ensuring that it remains at the forefront of the energy distribution sector.
- Committed to providing top-notch service, E.L.K. is starting to employ advanced technologies and best practices to deliver reliable electricity efficiently and sustainably to its diverse customer base. By staying proactive and adaptive, the company aims to surpass customer expectations and create a lasting positive impact on the communities it serves. E.L.K.’s unwavering dedication to progress and customer satisfaction sets it apart as a growing energy distributor, building a brighter future for both its customers and the environment.

Service Quality

- **New Residential/Small Business Services Connected on Time**
In 2023, E.L.K. connected 100% of 192 eligible low-voltage residential and small business customers to its system within the five-day timeframe that is mandated by the Ontario Energy Board (OEB).
- **Scheduled Appointments Met On Time**
E.L.K. scheduled 32 appointments in 2023 to address various work requests by customers, meter readings, system reconnections and other essential services that required customer presence. The company completed 100% of these appointments on time, surpassing the industry target of 90%. This result highlights E.L.K.’s commitment to reliability and responsiveness, ensuring that customer’s needs are met promptly and efficiently, further solidifying its position as a leading energy provider dedicated to customer satisfaction.

- **Telephone Calls Answered On Time**

In 2023, E.L.K.'s Customer Service staff received a total of 14,436 calls from customers, averaging 55 calls per working day. In 91.02% of these calls, E.L.K. managed to answer within 30 seconds or less, which surpasses the OEB's mandated industry target of 65% for timely responses. This achievement underscores E.L.K.'s dedication to providing top-notch customer support, ensuring that queries and concerns are addressed promptly, and customers' needs are met with utmost care and professionalism.

Customer Satisfaction

- **First Contact Resolution**

E.L.K. acknowledges the significance of First Call Resolution (FCR) as a crucial metric for customer service but recognizes the challenges in measuring it consistently due to the absence of standardized methodology in the industry. As a result, the company continues to work on developing its own approach to measure FCR effectively. Despite this, E.L.K. remains dedicated to enhancing customer satisfaction and gaining valuable insights into its service quality. In 2023, the company conducted a customer satisfaction survey, which yielded positive results in 88% satisfaction rate, demonstrating its commitment to delivering a high quality customer experience even in the absence of a universally accepted FCR measurement standard.

- **Billing Accuracy**

In 2023, E.L.K. issued around 156,300 electricity bills with a billing accuracy rate of 99.32%. This level of accuracy surpasses the OEB's prescribed target of 98%, showcasing E.L.K.'s commitment to precision and reliability in its billing practices. The company maintains a proactive approach to monitoring its billing accuracy results and continuously evaluates its processes to identify potential areas for enhancement. By striving for continuous improvement, E.L.K. ensures that its customers receive accurate and transparent billing services, further solidifying its position as a trustworthy and customer-focused energy provider.

- **Customer Satisfaction Survey Results**

In 2023, E.L.K. conducted a customer satisfaction survey in collaboration with a third-party survey service. Customer satisfaction remains a priority for the company as it endeavors to provide exceptional service to its valued customers. The survey yielded positive results, with 92.1% of customers expressing satisfaction with the company's services. E.L.K. plans to conduct another survey in 2025, ensuring regular assessments and continuous improvement efforts to maintain high levels of customer satisfaction and meet the evolving needs of its customers.

Safety

- **Public Safety**

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

E.L.K. takes public safety awareness seriously and, therefore, commissions a third-party service provider to conduct bi-annual surveys to assess customers' understanding of key electrical safety concepts related to distribution assets. These surveys are distributed to a sample of customers in each service territory to identify areas where additional education and awareness efforts might be needed. The results from the 2023 survey demonstrated a public awareness level of 88%. E.L.K. remains committed to educating its customers through various channels, ensuring widespread outreach and empowering the community to stay informed and safe when it comes to electrical matters.

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

Ontario Regulation 22/04, also known as Electrical Distribution Safety, sets forth clear and objective safety standards for the design, construction, and maintenance of electrical distribution systems under licensed distributors' ownership. The regulation mandates the approval of equipment, plans, and specifications, as well as the inspection of construction before their implementation. E.L.K. diligently adheres to these regulations and undergoes annual compliance audits. In the most recent audit for the year 2023, E.L.K. was found to be fully compliant, demonstrating its commitment to ensuring a safe and secure electrical distribution system for its customers and the communities it serves.

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

The measure of E.L.K.'s safety performance is based on the number of non-occupational (general public) serious electrical incidents reported to the Electrical Safety Authority (ESA) occurring within its distribution system. E.L.K. has consistently maintained full compliance with Ontario Regulation 22/04 throughout its operations, resulting in a track record of zero serious electrical incidents over the life of the scorecard. This achievement underscores E.L.K.'s unwavering commitment to safety and the well-being of the public, reinforcing its position as a responsible and reliable energy provider dedicated to ensuring the utmost safety standards in its electrical distribution system.

System Reliability

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

The OEB has set a baseline target for performance evaluation, determined by calculating the distributor's previous 5-year average performance. In 2023, E.L.K. achieved a result of 0.71, significantly lower than the target of 1.62. These results highlight E.L.K.'s consistent commitment to exceeding expectations and continuously improving its operations to provide excellent service and efficiency to its customers in the electrical distribution sector.

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

The OEB sets baseline targets for performance evaluation, using the distributor's previous 5-year average performance as a benchmark. In 2023, E.L.K. surpassed expectations with a result of 0.29, significantly lower than the OEB's set target of 0.55. These consistent achievements demonstrate E.L.K.'s dedication to excellence and continuous efforts to improve its operations, solidifying its position as a leading player in the electrical distribution sector, focused on meeting and exceeding customer expectations.

Asset Management

- **Distribution System Plan Implementation Progress**

E.L.K. places a strong emphasis on safety and efficiency within its operations, as demonstrated by its commitment to following and maintaining the Distribution System Plan (DSP). By adhering to the DSP guidelines, the company ensures that any high-risk infrastructure issues are promptly identified and addressed. This proactive approach guarantees the timely mitigation of potential hazards, safeguarding the well-being of employees and the reliability of the power distribution system.

When it comes to infrastructure maintenance, E.L.K. prioritizes safe and reliable power. The company takes a diligent approach when replacing end-of-life infrastructure, carefully considering the impact of its decisions on the overall stability and effectiveness of the power distribution system. This safety-conscious strategy not only enhances the reliability of the system but also ensures that customers receive a consistent and dependable supply of electricity.

Recognizing the importance of infrastructure renewal, E.L.K. has proactively identified poles and transformers that require replacement due to their end-of-life status. The company is currently in the process of replacing these assets, showcasing its dedication to continuous improvement and modernization of its energy infrastructure. By undertaking these necessary upgrades, E.L.K. reinforces its commitment to providing reliable power services to its customers, contributing to a more robust and resilient energy network.

Cost Control

- **Efficiency Assessment**

In assessing the total costs of Ontario's local electricity distribution companies, the Pacific Economics Group LLC conducts evaluations on behalf of the OEB to create an efficiency ranking. The distribution companies are categorized into five groups based on the disparity between their actual and predicted costs. In 2023, E.L.K. maintained its position in Group 1, signifying its status as one of the more efficient electricity distributor among its peers. This recognition underscores E.L.K.'s commitment to operational excellence, cost-effectiveness, and the efficient management of resources, solidifying its reputation as a highly efficient distributor in the Ontario electricity market.

- **Total Cost per Customer**

The total cost per customer for E.L.K. is determined by adding up the company's capital and operating costs and then dividing this sum by the total number of customers served by E.L.K. In 2023, the cost assessment resulted in \$593 per customer, representing an increase from the previous year. This rise in the cost per customer is the result of strategic investments in operational expenses and capital made by the company to maintain and improve its services and infrastructure. E.L.K. remains committed to cost-effectiveness while continuing to provide reliable and efficient energy distribution to its valued customers.

- **Total Cost per Km of Line**

The measure mentioned utilizes the same total cost utilized in the Cost per Customer calculation mentioned earlier. However, in this instance, the total cost is divided by the total kilometers of line that E.L.K. operates to serve its customer base. In 2023, the cost per Km of line increased to \$43,176. This metric allows the company to assess its operational efficiency and cost-effectiveness in managing and maintaining its distribution infrastructure. By analyzing the total cost per kilometer of line, E.L.K. can gain valuable insights into its operational expenses and identify potential opportunities for optimization and improved performance, ensuring that the company continues to provide reliable and cost-efficient energy distribution services to its customers.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

E.L.K. has completed the wind-down process of conservation and demand management initiatives as directed by the OEB and the Independent Electricity System Operator (IESO). This strategic action aligns with the changing regulatory landscape and energy policies, ensuring that E.L.K. complies with industry guidelines and efficiently manages its conservation and demand management programs. Through this process, the company aims to optimize its resources and focus on new directions that prioritize energy efficiency and sustainability, contributing to a more environmentally conscious and resilient energy future.

Connection of Renewable Generation

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

In the year 2023, E.L.K. reported no new micro-embedded generation additions. This indicates that there were no new installations of small-scale electricity generation facilities within E.L.K.'s distribution system during that period. The absence of new micro-embedded generation additions reflects the stability and balanced energy supply within E.L.K.'s service territory, indicating a reliable energy infrastructure and the potential for continued sustainable energy management in the future.

Financial Ratios

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

Liquidity is a crucial financial metric that assesses a company's ability to meet its short-term financial obligations. It is calculated by dividing Current Assets by Current Liabilities, also known as the Working Capital Ratio. A Liquidity Ratio greater than 1.0 is considered favorable, indicating that the company has enough resources to cover its short-term debts and financial commitments. Companies with a ratio above 1.0 are referred to as "liquid," signifying their financial health and capacity to handle short-term financial challenges. A higher Liquidity Ratio, such as E.L.K.'s current ratio of 3.79 in 2023, provides a larger margin of safety, showcasing the company's robust financial position and its ability to meet its short-term obligations comfortably.

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

The OEB utilizes a deemed capital structure of 60% debt and 40% equity when determining rates for electricity distributors. This corresponds to a debt-to-equity ratio of 1.5 (60/40). A debt-to-equity ratio higher than 1.5 suggests that a distributor is more leveraged than the deemed capital structure, possibly leading to difficulties in generating sufficient cash flows to adequately service the debt. On the other hand, a ratio below 1.5 indicates that the distributor is less leveraged than the deemed capital structure, potentially missing out on the advantages that financial leverage can offer. With a Leverage Ratio of 0.13 in 2023, E.L.K. has the ability to use financial leverage in the future to make further investments in its infrastructure.

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

E.L.K.'s distribution rates for the year 2023 were formally approved by the OEB and encompassed an expected (deemed) regulatory return on equity of 8.66%. As per OEB guidelines, a distributor is permitted to earn within a range of +/- 3% of the expected return on equity. Deviations beyond this range may trigger a regulatory review of the distributor's revenues and cost structure by the OEB. By adhering to the approved rate and staying within the permissible range, a distributor complies with OEB regulations and safeguards against potential regulatory interventions, ensuring transparency and accountability in its financial operations.

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

In 2023, E.L.K. reported a Regulatory Return on Equity (ROE) of -22.33%, which fell outside the permissible range set by the OEB. During the year, the company made various operating and capital investments in order to modernize its operations and improve its performance. These investments include, but are not limited to: additional staff recruitment and training, increased cybersecurity costs, additional social media engagement costs to improve the utility's interactions with customers, and SCADA licensing costs to improve system visibility and enhance response and outage times. E.L.K. also replaced more poles and transformers than previous years which were a result of the system inspections completed.

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.