

Scorecard - Toronto Hydro-Electric System Limited

8/26/2024

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	99.74%	99.73%	99.86%	99.89%	99.91%		90.00%		
		Scheduled Appointments Met On Time	99.04%	99.85%	99.92%	99.92%	99.94%		90.00%		
		Telephone Calls Answered On Time	74.77%	69.89%	76.87%	79.08%	77.84%		65.00%		
	Customer Satisfaction	First Contact Resolution	90%	92%	91%	92%	92%				
		Billing Accuracy	99.21%	99.20%	99.00%	99.11%	99.20%		98.00%		
		Customer Satisfaction Survey Results	92%	95%	95%	94%	94%				
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	70.00%	70.00%	68.00%	68.00%	64.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹		C	C	C	C	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	7	24	22	29	43			12
			Rate per 10, 100, 1000 km of line	0.244	0.831	0.758	0.997	1.475			0.425
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²		0.73	0.90	0.97	0.82	0.79			0.87
		Average Number of Times that Power to a Customer is Interrupted ²		1.09	1.42	1.46	1.39	1.24			1.20
	Asset Management	Distribution System Plan Implementation Progress		105%	17%	36%	59%	81%			
	Cost Control	Efficiency Assessment		5	5	5	5	5			
		Total Cost per Customer ³		\$1,164	\$1,159	\$1,189	\$1,312	\$1,525			
		Total Cost per Km of Line ³		\$31,349	\$31,120	\$32,110	\$35,577	\$41,267			
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%	92.31%	91.25%	98.44%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.93	0.71	0.95	0.68	1.07			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.15	1.19	1.13	1.17	1.19			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.30%	8.52%	8.52%	8.52%	8.52%		
			Achieved		8.44%	5.90%	7.08%	7.44%	6.80%		

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

The link below provides an Ontario Energy Board (“OEB”) document titled “Scorecard - Performance Measure Descriptions” that contains the technical definitions, plain language descriptions and an explanation of the measures included in the Distributor Scorecards (“Scorecard”) and examined through the related management discussion and analysis (“Scorecard MD&A”) which may inform the reader about how the measures and results for the year ended December 31, 2023 may be compared:

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

Scorecard MD&A – Overview

Toronto Hydro-Electric System Limited’s (“Toronto Hydro” or “utility”) Scorecard reflects its emphasis on the four corporate pillars: providing value for money; reliable and sustainable system operations; a fully engaged, safe and healthy workforce; and financial strength. As a mature utility serving a dense urban environment, Toronto Hydro continues to address the many challenges in rebuilding its deteriorating system to meet the needs of its customers during rapid growth.

For the 2023 reporting year, Toronto Hydro’s Electricity Distributor Scorecard shows that Toronto Hydro continues to demonstrate strong performance in the areas of customer service quality, financial management, and capital plan implementation efforts. The utility’s performance improved in a number of areas and remained consistent in respect of timely connections for new services, billing accuracy, and financial performance. These results were achieved in the context of a number of challenging business conditions, the scope and nature of which are largely unique in the Ontario context.

Additionally, in the course of the utility’s 2020-2024 Custom Incentive Rate-setting Application (EB-2018-0165) (the “CIR Application”), the utility proposed to annually report certain performance measures specified in its Distribution System Plan (“DSP”). The CIR scorecard and related definitions are included in Appendix A.

Important Note: The information disclosed in Toronto Hydro’s Scorecard and discussed in the Scorecard MD&A is prescribed by and determined in accordance with the OEB’s: *Report of the Board - Performance Measurement for Electricity Distributors: A Scorecard Approach* (“Scorecard Report”), *Electricity Reporting & Record Keeping Requirements* (“RRR”), *Accounting Procedures Handbook for Electricity Distributors* (“APH”), *Electricity Distribution Rate Handbook* (“EDR”) and other related guidance documents (collectively, “OEB Documents”). In particular, the Scorecard’s performance measures and the underlying financial figures are determined exclusively by reference to the calculation methods set out in the OEB Documents. Notably, unlike the financial statements that Toronto Hydro Corporation (“Corporation”) is required to prepare and disclose, the Scorecard’s performance measures are not prepared in accordance with International Financial Reporting Standards (“IFRS”). As a result, the performance measures presented in the Scorecard and Scorecard MD&A may differ from similarly-termed information disclosed in the Corporation’s securities documents filed with the Ontario Securities Commission and available to the public. For an analysis of Toronto Hydro’s financial performance as determined in accordance with IFRS, refer to the Corporation’s audited consolidated financial statements for the year ended December 31, 2023 which may be read in conjunction with the *Management’s Discussion and Analysis for the year ended December 31, 2023* (“Corporate MD&A”) and the *Annual Information Form 2023*, all of which are available on Toronto Hydro’s website at www.torontohydro.com/corporate-reports and System for Electronic Document Analysis and Retrieval (“SEDAR”) website at www.sedarplus.ca

Note to Readers

The information provided by the utility regarding 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 utility regarding its 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 judgment on the reporting date of the Scorecard, and could be markedly different in the future. Toronto Hydro undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise after the date hereof, except as required by law or by the OEB for the purposes of the Scorecard MD&A.

Service Quality

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

As the distributor serving one of the fastest growing cities in North America, Toronto Hydro receives a significant volume of requests to connect new residential developments and businesses each year. In 2023, Toronto Hydro connected 99.91% of new residential and small business services requested within the prescribed five business day standard, once all conditions were met (or as otherwise agreed to by the customer and Toronto Hydro). This result is aligned with last year's performance and the utility's trend of surpassing the industry target of 90% since 2011.

- **Scheduled Appointments Met on Time**

In 2023, Toronto Hydro scheduled approximately 24,101 appointments with its customers and successfully met 99.94% of these appointments as scheduled. This is consistent with past performance, as the utility has continually surpassed the industry target of 90% since 2011.

- **Telephone Calls Answered on Time**

In 2023, Toronto Hydro received more than 340,000 calls (over 1,300 calls per business day) from its customers. The utility's call centre agents answered 77.84% of these calls within 30 seconds of customers being directed to speak to a representative, surpassing the industry target of 65%. Although telephone calls are still the preferred communication channel, over the past few years more customers are opting for the convenience and efficiency of e-mail communication. Focusing on continuous improvement, Toronto Hydro has deployed a strategy of increasingly offering self-serve options to customers to improve customer experience and to help manage call and email volumes.

Customer Satisfaction

- **First Contact Resolution**

First Contact Resolution measures a utility's success in resolving customer inquiries the first time they contact the utility. This metric tracks the proportion of telephone and email customer inquiries that were resolved within the first contact. Toronto Hydro deems the matter to be resolved within the first contact if the customer did not call or email back regarding the same account inquiry within 21 days of the initial contact. A broad range of topics are covered by this metric including billing, moves, payment, online tools and

financial assistance programs. In 2023, Toronto Hydro resolved 92% of customer inquiries within the first contact, sustaining the utility's steady performance of this metric since 2013. The result is attributed to ongoing continuous improvement efforts to identify and mitigate process issues, improve staff training and optimize technology, all aimed at creating positive customer experiences.

- **Billing Accuracy**

Billing inaccuracies may be caused by a variety of reasons, including incomplete or inaccurate meter data and account information. In 2023, Toronto Hydro issued approximately 9.5 million bills, 99.20% of which were accurate, surpassing the industry target of 98%. Success in this area was primarily achieved through continuous improvement efforts, such as replacement of defective meters, enhanced engagement with vendors, and process enhancements that have been implemented to manage billing errors.

- **Customer Satisfaction Survey Results**

Distributors are required to report customer satisfaction results at least once every two years. Toronto Hydro has adopted a survey methodology by Innovative Research Group to meet evolving OEB performance requirements.

Toronto Hydro's overall customer satisfaction for 2022/2023 is 94%, steady when compared to 2020/2021 customer satisfaction score of 95%. Even with an increase this year in those saying their bill has a major impact on their finances, among the key customer satisfaction dimensions measured, price saw the greatest improvement. Toronto Hydro also saw smaller directional improvements in billing and payment options, as well as customer service experience.

Safety

- **Public Safety**

Toronto Hydro takes public safety very seriously and regularly carries out activities to maintain and promote public safety in the vicinity of its distribution equipment. These activities include inspecting lines, testing and maintaining equipment, proactive contact voltage scans of street-level assets, taking prompt correction action where potential safety issues are identified by staff, customers, or members of the public, and fostering a robust corporate safety culture.

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

Distributors are required to report the results of a standard safety awareness survey of the general public residing within their service territory at least once every two years. The survey, as designed by the Electrical Safety Authority (“ESA”), tests the respondents’ electrical safety awareness across several topics, including power line clearance distances, emergency procedures related to vehicular collisions with utility equipment, and safety precautions related to excavation work.

For 2023, the overall Public Safety Awareness Index across various categories for Toronto Hydro was 64%. The survey methodology was updated from telephone to an online format. This may, in part, explain the decrease in Toronto Hydro’s score for this metric.

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

In 2023 and for the eleventh consecutive year, the ESA deemed Toronto Hydro to be compliant with Ontario Regulation 22/04, which establishes the requirements for electrical distribution safety related to the design, construction, and maintenance of electrical distribution assets owned by the utility. These results were achieved through the successful completion of and responsiveness to due diligence inspections, public safety concerns, compliance investigations, and annual compliance audits.

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

Serious electrical incidents are defined in Ontario Regulation 22/04. The OEB measures the total number of general public incidents and calculates the ratio of total eligible incidents per kilometer of line comprising a distributor’s distribution system. The OEB set a target of 12 serious electrical incidents for Toronto Hydro in 2023, which yields a ratio of 0.425 incidents per 1,000 km of line.

In 2023, Toronto Hydro experienced 43 incidents in total, which yields a ratio of 1.475 incidents per 1,000 km of line. Twenty-two (22) incidents were due to external factors (e.g., motor vehicle collision, external objects) which are beyond the utility’s control. Of the remaining twenty-one (21) incidents, twelve (12) of these involved overhead lines down, eight (8) involved lid ejections due to underground cable failure, and one (1) involved other equipment failure. In recent years, the number of serious electrical incidents has increased, exceeding the targets set by the Ontario Energy Board (OEB). This can be primarily attributed to modifications in the guidelines established by the Electrical Safety Authority (ESA), which have broadened the scope of events qualifying under this measure. Toronto Hydro is conforming to the modifications by enhancing its incident reporting processes and safety training practices. The increase in the number of reported incidents resulting from these enhancements reflects more accurate and comprehensive reporting and safety systems based on the modified ESA guidelines.

Toronto Hydro continues to invest in a number capital and maintenance programs that aim to prevent incidents relating to equipment failures, such as its Overhead and Underground System Renewal Program, Tree Trimming Program, Insulator Washing Program, Overhead Infrared Scan Program/Overhead Line Patrol and Cable Chamber Inspection and Infrared Scan.

System Reliability

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

In 2023, the average customer experienced 0.79 hours without power. This result was better than the OEB's distributor-specific performance standard of 0.87 hours and Toronto Hydro's 2022 result of 0.82. Toronto Hydro primarily attributes this improvement to a decrease in outages caused by defective equipment and adverse environment impacts. Toronto Hydro is continuing to renew and modernize its aging grid to ensure that recent reliability improvements can be maintained over the longer-term, and that other risks posed by aging and deteriorating assets are appropriately managed.

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

In 2023, the average annual number of electricity supply interruptions that a customer experienced was 1.24. This result is slightly above the OEB's distributor-specific performance standard of 1.20 outages; however, it is a substantial improvement compared to Toronto Hydro's 2022 result of 1.39. Toronto Hydro primarily attributes this improvement to a decrease in outages caused by defective equipment and adverse environment impacts. Toronto Hydro continues to invest in renewing and modernizing its aging grid to maintain the reliability improvements achieved in recent years, and to appropriately manage other risks posed by aging and deteriorating assets.

Asset Management

- **Distribution System Plan ("DSP") Implementation Progress**

This metric tracks the progress of Toronto Hydro's 2020-2024 Distribution System Plan. Expressed as a percentage to completion, this metric calculates the actual cumulative annual capital expenditure relative to the aggregate approved five-year amounts accepted by the OEB in the utility's last major rate application, the 2020-2024 CIR Application. In accordance with this methodology, 81% of the Distribution System Plan was implemented as of the end of 2023.

Cost Control

- **Efficiency Assessment**

The OEB assesses distributor efficiency using an econometric benchmarking model that compares each Ontario utility's actual total costs to total costs predicted by the model. While Toronto Hydro recognizes the importance of a sophisticated quantitative assessment of distributor efficiency, in its respectful view the methodology underlying the reported results does not optimally assess the efficiency performance of a utility of Toronto Hydro's size, operating conditions, and asset base, conducting business in one of North America's most dense urban cores. In 2023, the utility maintained its efficiency ranking according to the reported methodology.

- **Total Cost per Customer**

This measure is defined as the sum of the utility's operations, maintenance and administration ("OM&A") and capital costs (including certain adjustments applied by the econometric benchmarking model) divided by the number of customers served by the utility. In 2023, Toronto Hydro's total cost per customer increased by \$213 over the previous year. Toronto Hydro notes that the results of this measure do not account for an estimated 483,000 dwelling units occupying buildings that are metered by single "bulk" meters. Adding these residents to the calculation would significantly reduce Toronto Hydro's unitized total cost result.

- **Total Cost per Km of Line**

This measure is defined as the sum of the utility's OM&A and capital costs (including certain adjustments applied by the econometric benchmarking model) divided by the number of kilometers of distribution line operated by the utility to serve its customers. In 2023, Toronto Hydro's total cost per kilometer of line increased by \$5,690.

Connection of Renewable Generation

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

In 2023, Toronto Hydro successfully connected 189 new micro-embedded generation facilities within the five-business day standard, or as otherwise agreed to by the customer and Toronto Hydro. The utility completed 98.44% of the connections on time, surpassing last year's result of 91.25% and the industry target of 90% for the eleventh consecutive year.

Financial Ratios

Toronto Hydro strives to maintain its financial health and viability for the benefit of its customers, shareholder and other stakeholders. Consistent with the OEB's Renewed Regulatory Framework for Electricity ("RRFE"), which places Financial Performance among the four key outcomes for regulated utilities, Financial Strength is among the four corporate pillars underlying Toronto Hydro's strategic vision.

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

Toronto Hydro notes that the OEB's "Liquidity Ratio" is calculated by dividing the sum of a distributor's "Current Assets" by the sum of the distributor's "Current Liabilities" (see the OEB's Scorecard Report). Toronto Hydro's "Current Assets" and "Current Liabilities" are determined in accordance with the requirements of the OEB's RRR and APH, and not by reference to IFRS. As a result, the "Liquidity Ratio" expressed in the Scorecard and this Scorecard MD&A may differ from similarly-termed financial ratios or information presented in documents that the Corporation is required to file under securities laws and which are available on SEDAR (www.sedarplus.ca).

For analysis of the financial performance of the Corporation, including that of the utility, please refer to its Corporate MD&A available on Toronto Hydro's website (www.torontohydro.com/corporate-reports) and SEDAR (www.sedarplus.ca).

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

Toronto Hydro notes that the OEB's "Leverage Ratio" is calculated by dividing a distributor's "Total Debt" by the aggregate "Shareholders' Equity" in the distributor (see the OEB's Scorecard Report). Toronto Hydro's "Total Debt" and "Shareholders' Equity" are determined in accordance with the requirements of the OEB's RRR and APH, and not by reference to IFRS. As a result, the "Leverage Ratio" expressed in the Scorecard and this Scorecard MD&A may differ from similarly-termed financial ratios or information presented in documents that the Corporation is required to file under securities laws and which are available on SEDAR (www.sedarplus.ca).

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

Toronto Hydro notes that the OEB Documents prescribe the form and manner in which a distributor is required to report on its

“Regulatory Return on Equity” (“Regulatory ROE”) (see the OEB’s Scorecard Report and RRR). The Regulatory ROE is calculated on the same basis that Toronto Hydro uses to establish its “base rates” for a year, which is prescribed by the EDR. The Regulatory ROE is not determined in accordance with IFRS. As such, the Scorecard’s “Profitability” performance measures (“Deemed” and “Achieved” Regulatory ROE) may differ from similarly-termed expressions of profitability and return on equity presented in documents that the Corporation is required to file under securities laws and which are available on SEDAR (www.sedarplus.ca).

For analysis of the financial performance of the Corporation, including that of the utility, please refer to its Corporate MD&A available on Toronto Hydro’s website (www.torontohydro.com/corporate-reports) and SEDAR (www.sedarplus.ca).

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

Toronto Hydro notes that the OEB prescribe the form and manner in which a distributor is required to report on its Regulatory ROE (see the OEB’s Scorecard Report and RRR). The Regulatory ROE is calculated on the same basis that Toronto Hydro uses to establish its “base rates” for a year, which is prescribed by the EDR. The Regulatory ROE is not determined in accordance with IFRS. As such, the Scorecard’s “Profitability” performance measures (“Deemed” and “Achieved” Regulatory ROE) may differ from similarly-termed expressions of profitability and return on equity presented in documents that the Corporation is required to file under securities laws and which are available on SEDAR (www.sedarplus.ca).

For analysis of the financial performance of the Corporation, including that of the utility, please refer to its Corporate MD&A available on Toronto Hydro’s website (www.torontohydro.com/corporate-reports) and SEDAR (www.sedarplus.ca).

Appendix A – CIR Scorecard

Toronto Hydro Outcome	OEB Reporting Category	Toronto Hydro's Custom Measures	2020 Results	2021 Results	2022 Results	2023 Results
Customer Service	Customer Satisfaction	Customers on eBills	317,341	350,993	381,490	405,505
Safety	Safety	Total Recordable Injury Frequency	0.58	0.56	0.47	0.30
		Network Units Modernization	61%	63%	65%	68%
Reliability	System Reliability	SAIDI - Defective Equipment	0.36 hours	0.36 hours	0.34 hours	0.25 hours
		SAIFI - Defective Equipment	0.40	0.46	0.46	0.33
		FESI-7 System	9 feeders	10 feeders	27 feeders	27 feeders
		FESI-6 Large Customers	10 feeders	5 feeders	12 feeders	21 feeders
		MAIFI	3.18	3.39	3.36	3.34
		System Capacity	11 stations	11 stations	12 stations	12 stations
	Asset Management	System Health (Asset Condition) - Wood Poles	11%	14%	9%	8%
		Direct Buried Cable Replacement	729 km	697 km	679 km ¹	653 km
		In-Service Additions (Cumulative)	17%	35%	56%	78%
		Average Wood Pole Replacement Cost	\$7,779	\$7,847	\$7,973	\$8,179
Financial	Cost Control	Vegetation Management Cost per Km	\$2,158	\$2,213	\$2,175	\$2,355
		Oil Spills Containing PCBs	0 spills ²	0 spills	1 spill	1 spill
Environment	Environment	Waste Diversion Rate	90.3%	91.5%	92.4%	91.4%

¹ Toronto Hydro identified a data error in the number of km of direct buried cable remaining on the system reported for 2022 actuals. As of the end of 2022, Toronto Hydro had 666 kilometers of cable remaining rather than 679 kilometers.

² A data entry correction has been made in the 2020 result which erroneously showed a value of 1 spill in the filing.

Customer Satisfaction Measure

- **Number of Customers Receiving Electronic Bills (“eBills”)**

This measure tracks the number of customers who opt-in to receive an electronic bill, as opposed to a paper bill. It is aligned with Toronto Hydro’s efforts to increase the ease and accessibility of customer billing and accounting information. Increased eBilling adoption also results in cost-savings and has a positive environmental impact by reducing paper usage for billing.

In 2023, 51.15% of Toronto Hydro customers received bills electronically, compared to last year’s result of 48.26%. The increase is attributable to customer moves which provides the utility direct opportunity to connect with customers to promote eBills. The increase is partly also due to targeted marketing campaigns and efforts to improve communication effectiveness to create a more positive customer experience and increase eBill adoption.

Safety Measures

- **Total Recordable Injury Frequency (“TRIF”)**

The TRIF measure tracks the ratio of recordable injuries to hours worked. A recordable injury is defined as any occupational injury or illness that results in an employee experiencing a fatality, lost-time injury, medical treatment beyond first aid, restricted work or any other type of injury or illness which results in a significant injury/illness or loss of consciousness. TRIF performance reflects the utility’s commitment to health and safety.

In 2023, the TRIF rate was 0.30, compared to 0.47 in 2022. Notably, there were eight months in 2023 without a recordable injury, of which five were consecutive.

- **Network Units Modernization**

The Network Units Modernization measure tracks Toronto Hydro’s progress on the installation of network units that have resilient submersible protectors. These network units are essential as they are designed to provide safe and uninterrupted service to customers in Toronto’s busy urban core. As a subset of existing units are not watertight, they are susceptible to flooding, possibly leading to failure. Installation of new submersible units mitigates public safety and catastrophic equipment failure risks.

In 2023, the percentage of submersible network units increased from 65% in 2022 to 68% in 2023 due to planned and reactive network unit changeouts.

System Reliability

- **System Average Interruption Duration Index (“SAIDI”) – Defective Equipment**

As a common industry measure of the average duration of distribution system outages, SAIDI reflects how quickly power is restored following power outages (for all customers during the reporting period). SAIDI – Defective Equipment reports the average duration of customer interruptions attributable to causes such as equipment failures due to deterioration from age or environmental conditions. Performance on this metric reflects the health of the distribution system and Toronto Hydro’s efforts to renew the grid.

In 2023, performance was 0.25 Hours, which is an improvement over the 2022 result of 0.34 Hours.

- **System Average Interruption Frequency Index (“SAIFI”) – Defective Equipment**

As a common industry measure of the number of times supply to customers is interrupted, SAIFI reflects how reliable the distribution system is (for all customers during the reporting period). SAIFI – Defective Equipment reports the number of sustained customer interruptions attributable to causes such as equipment failures due to deterioration from age or environmental conditions. Performance on this metric reflects the health of the distribution system and Toronto Hydro’s efforts to renew the grid.

In 2023, the performance was 0.33, which is an improvement over the 2022 result of 0.46.

- **Feeders Experiencing Seven or More Sustained Interruptions (“FESI-7”)**

FESI-7 measures the number of feeders on Toronto Hydro’s system that experienced seven or more interruptions exceeding one minute within a 12-month period. This measure provides insight into the number of customers experiencing especially poor service reliability.

In 2023, 27 feeders exceeded the threshold, which aligns with the previous year’s result of 27. This is primarily due to implementation of Oracle Utility Analytics (OUA) software in 2022, which allows the data to be captured more accurately. Toronto Hydro continues to perform targeted capital investments and maintenance work, including the Worst Performing Feeders program to reduce the number of FESI-7 feeders.

- **Feeders Experiencing Six or More Sustained Interruptions (“FESI-6”)**

FESI-6 Large Customers tracks the number of feeders serving customers with average monthly peak demand greater than 1 megawatt, that experienced six or more interruptions exceeding one minute, excluding Major Event Days and Loss of Supply.

Measuring feeders experiencing outages at this threshold enables Toronto Hydro to account for customers with lower tolerance for interruptions and heightened reliability needs such as hospitals, water treatment plants, and commercial manufacturers.

In 2023, 21 exceeded the threshold relative to 12 in 2022. This increase is primarily due to implementation of the Oracle Utility Analytics (OUA) software in 2022, which allows the data to be captured more accurately.

- **Momentary Average Interruption Frequency Index (“MAIFI”)**

MAIFI measures the frequency of momentary outages (less than one minute). It excludes contributions from extraordinary occurrences out of the utility's control that cause significant disruptions to its distribution system, such as major weather-related events.

In 2023, MAIFI was 3.34.

Asset Management Measures

- **System Capacity**

The System Capacity measure tracks potential capacity constraints at the station level by measuring the ability of each station to connect at least one large customer. Focused on transformer stations that supply power to the City of Toronto, this measure considers a variety of factors that contribute to capacity concerns, including bus, transformer and feeder capacity and positions. If any of these factors create the inability to connect a large customer to a station, that particular station will be reported as part of this measure.

The current level of System Capacity measure for 2023 is 12 stations.

- **System Health (Asset Condition) – Wood Poles**

The System Health – Asset Condition (Wood Poles) measure reflects the health of wood poles by tracking the percentage of poles in HI4 condition (i.e., “material deterioration”) and HI5 condition (i.e., “end of serviceable life”). Wood poles are critical assets and serve as an indication of overall distribution system health. These assets form a sizeable portion of the utility’s assets and are instrumental in ensuring reliability and safety.

The percentage of assets in HI4/HI5 condition decreased from 8.7% in 2022 to 8.1% by 2023 year-end.³ Year to year variations can be attributed to natural changes in conditions of assets based on the latest inspection information as well as changes in asset population due to system investments to manage deteriorating assets.

- **Direct Buried Cable Replacements (Km)**

The Direct Buried Cable Replacement measure tracks the number of kilometres of direct buried cable remaining in the distribution system. Customers supplied by feeders containing direct buried cable are more likely to experience lengthy interruptions resulting from increased difficulty in locating and replacing faulty segments. This measure reflects Toronto Hydro's efforts to remove legacy assets from the grid that pose a reliability service risk to customers.

In 2023, Toronto Hydro replaced 26 km of direct buried cable.

- **In-Service Additions**

Similar to the DSP Implementation Metrics on the Electricity Distributor Scorecard, this metric tracks the progress of Toronto Hydro's 2020-2024 Distribution System Plan. Expressed as a percentage to completion, it calculates the actual cumulative annual in-service additions relative to the total five-year amount accepted by the OEB in the utility's last major rate application, the 2020-2024 Custom IR Application.

As of the end of 2023, 78% of the total approved amounts were put into service.

Cost Control Measures

- **Average Wood Pole Replacement Cost⁴**

The Average Wood Replacement Cost measure tracks the all-in cost of installing wood poles on the distribution system.

In 2023, the three-year average unit cost was \$8,179. The increase over the 2022 result of \$7,973 is primarily due to higher

³ Toronto Hydro has refined its asset condition assessment methodology for wood poles. As such, the System Health (Asset Condition) for Wood Poles decreases to 7% (from 11% that was previously reported) in 2020 and decreases to 8% (from 14% that was previously reported) in 2021.

⁴ Toronto Hydro has refined its unit costing methodology. With this approach, the Wood Pole unit cost increases to \$8,714 in 2020 and increases to \$7,906 in 2021.

replacement volumes of legacy assets (such as box construction, underground legacy infrastructure, etc.) and increases in unit costs for these assets.

- **Vegetation Management Cost per km**

The Vegetation Management Cost per kilometer measure tracks the cost of trimming and clearing vegetation located near overhead feeders – activities which are necessary to minimize the risk of power interruptions. Vegetation-caused power interruptions are the second highest contributor to overall system reliability (following defective equipment).

In 2023, the vegetation management unit cost was \$2,355 per km.

Environment

- **Oil Spills Containing Polychlorinated Biphenyl (“PCB”)**

The Oil Spills Containing Polychlorinated Biphenyl measure tracks Toronto Hydro’s progress towards reducing the risk of oil spills containing PCB. Toronto Hydro has various types of transformers (e.g., submersible, padmounted, vault, overhead, network), all of which can potentially contain PCB contaminated oil. This measure demonstrates the utility’s commitment to environment as well as health and safety.

Toronto Hydro reported 1 oil spill containing PCB in 2023.

- **Waste Diversion Rate**

The Waste Diversion Rate measures progress on Toronto Hydro’s performance on office and work site waste diverted from landfills. Waste diversion promotes recycling and reusing materials and presents a number of environmental benefits including reducing waste and lowering greenhouse gas emissions. This measure reflects Toronto Hydro’s efforts to divert waste from landfills and reduce its environmental footprint.

The 2023 recycling rate was 91.4%. This aligns with the previous year result of 92.4% and is due to focused efforts by Toronto Hydro to effectively manage waste, including communication of proper recycling practices, improved signage, the introduction of organics recycling and the execution of waste audits.