

Scorecard - Elexicon Energy Inc.

Performance Outcomes		Performance Categories	Measures	2018	2019	2020	2021	2022	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		96.00%	96.40%	93.74%	95.97%	96.94%	↑	90.00%		
		Scheduled Appointments Met On Time		99.00%	99.74%	98.80%	99.96%	98.01%	↓	90.00%		
		Telephone Calls Answered On Time		82.00%	76.01%	61.89%	75.99%	76.06%	↓	65.00%		
	Customer Satisfaction	First Contact Resolution		87.90%	88.60%	89.30%	93.00%	91.70%				
		Billing Accuracy		99.93%	99.92%	99.60%	99.75%	99.82%	↓	98.00%		
		Customer Satisfaction Survey Results		95.00%	95.00%	97.00%	97.00%	90.00%				
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%	84.00%	84.00%	87.00%	87.00%				
		Level of Compliance with Ontario Regulation 22/04 ¹		C	C	C	C	C	→		C	
		Serious Electrical Incident Index	Number of General Public Incidents		2	0	0	0	2	→		0
			Rate per 10, 100, 1000 km of line		0.535	0.000	0.000	0.000	0.510	→		0.113
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²		1.32	1.34	1.37	1.17	1.71	↑		1.35	
		Average Number of Times that Power to a Customer is Interrupted ²		1.16	1.05	1.01	1.12	1.19	↑		1.69	
	Asset Management	Distribution System Plan Implementation Progress		99.07%	104.00%	76.81%	94.00%	92.48%				
	Cost Control	Efficiency Assessment		3	3	3	3	3				
		Total Cost per Customer ³		\$624	\$648	\$630	\$652	\$704				
		Total Cost per Km of Line ³		\$27,139	\$28,396	\$27,593	\$28,531	\$31,028				
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	Renewable Generation Connection Impact Assessments Completed On Time ⁴			100.00%	66.67%						
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	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)		0.81	1.04	1.29	1.46	0.33				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.05	0.91	1.07	1.18	1.33				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.43%	9.43%	9.43%	9.43%	9.43%			
			Achieved		9.84%	7.61%	6.80%	6.87%	4.86%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
 2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
 4. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:

5-year trend
 ↑ up ↓ down → flat

Current year
 ● target met ● target not met

2022 Scorecard Management Discussion and Analysis (“2022 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2022 Scorecard MD&A:

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

Scorecard MD&A - General Overview

In April 2019, Elexicon Energy Inc. (“Elexicon”) was formed through the consolidation of Veridian Connections Inc. (“Veridian”), and Whitby Hydro Electric Corporation (“Whitby Hydro”). Elexicon is the fourth largest municipally owned electricity distributor in Ontario. It provides electricity service to approximately 175,000 customers across a nearly 800 sq. km service territory. This service territory spans the communities of Ajax, Belleville, Brock, Clarington, Gravenhurst, Pickering, Port Hope, Port Perry, Uxbridge and Whitby.

For the 2022 reporting year, Elexicon filed its fourth set of consolidated annual Reporting and Record Keeping Requirements (“RRR”) data with the Ontario Energy Board (“OEB”). The 2019 to 2022 results in this scorecard are based on the 2019 to 2021 RRR data as filed by Elexicon. However, the data from 2018 is based on consolidated data from the two predecessor entities. The historical data has been calculated in different ways depending on the measure. For example, in some instances the figures were recalculated based on historical RRR data; and in other instances, numbers were recast based on a weighted average number of customers. Regardless of the methodology used, Elexicon endeavored to consolidate past results in such a way so as to ensure accuracy and maximize comparability to its current performance.

Management is pleased to share its scorecard results and the following discussion and analysis with all interested stakeholders.

Service Quality

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

In 2022, Elexicon connected 96.94% of eligible low-voltage residential and small business customers to its system within the five-day timeline prescribed by the OEB. Elexicon understands the importance of connecting its customers in a timely fashion once all service requirements are met and continues to improve and automate the reporting and data retention practices for all service territories. Coming out of the COVID-19 pandemic, there was an expected increase in new connection requests from customers with a total of 2,942 new service connections. Once again, Elexicon was able to successfully meet and exceed the OEB service quality target of 90%.

- **Scheduled Appointments Met On Time**

In 2022, Elexicon continued to meet the requirement to schedule and attend appointments within the four-hour window arranged with customers (or their representatives) during regular business hours. Elexicon achieved a score of 98.01% for appointments met on time, which is well above the OEB target of 90%. Elexicon recognizes the importance of such customer requests and has processes in place to achieve a consistent high level of service quality in this category.

- **Telephone Calls Answered On Time**

In 2022, Elexicon's Customer Experience Advisors responded to 92,743 customer telephone inquiries. 76.06% of the calls were answered within 30 seconds, which is above the OEB target of 65%.

Elexicon remains committed to customer centricity and its ability to respond to customer telephone inquiries and continues to perform in this category.

Customer Satisfaction

- **First Contact Resolution**

Specific first contact resolution measurements have not yet been defined for the industry. In July of 2014, the OEB instructed distributors to review and develop measurements in these areas and begin tracking and reporting on them. The OEB plans to review the information provided by electricity distributors and implement a commonly defined measure in the future. As a result, each distributor may have different measurements of performance until the OEB provides specific direction regarding a commonly defined measure.

Elexicon's methodology includes measuring the number of customer contacts (telephone inquiries, written correspondence, and field contacts) related to the same topic or type of inquiry received within a calendar month. Customers with contacts more than once within a calendar month for the same type of inquiry, were excluded from the first contact resolution measure.

Elexicon continues to perform in this category and achieved 91.70% First Contact Resolution in 2022.

- **Billing Accuracy**

In 2022, Elexicon achieved a billing accuracy of 99.82% which is consistent with the results of previous years. Since being introduced as a measure in October of 2014, Elexicon and its predecessors have consistently exceeded the OEB target of 98%.

- **Customer Satisfaction Survey Results**

A comprehensive online and telephone survey with a sample size of 430 participants was conducted to secure customer feedback on a range of issues including customer service and service quality. The survey is carried out by an external market research firm, and includes both residential and small business customers.

While the survey covers many topic areas, the measure used for the purpose of OEB scorecard reporting is the percentage of customers that report their overall satisfaction with their electricity distributor is either very or fairly satisfied.

In addition to measuring Elexicon's customer satisfaction, Elexicon's market research firm conducts supplemental research to establish comparable provincial and national benchmarks. Elexicon has consistently achieved these benchmark performance levels, as shown in the table below:

Customer Satisfaction Scores

Year	2018	2019	2020	2021	2022
Elexicon	95%*	95%*	97%	97%	90%
Provincial Benchmark	76%	89%	93%	93%	90%
National Benchmark	86%	91%	94%	94%	92%
Elexicon Deviation from Provincial Benchmark	+19%	+6%	+4%	+4%	

*Blended scores for Veridian Connections and Whitby Hydro (weighted average based on customer count).

The reduction in the satisfaction score from the previous year is primarily attributable to the multiple significant outage events experienced through the course of 2022 including the May 2022 Derecho Storm event which left roughly 64,000 customers without power for multiple days.

Safety

- **Public Safety**

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

To gauge overall electrical safety awareness amongst the public, Elexicon commissioned a research firm to conduct its Public Awareness of Electrical Safety Survey in January 2022. The survey was conducted using computer assisted techniques of telephone interviewing and random number selection. The survey consisted of a representative sample of 400 residents from amongst our service territories of Pickering, Ajax, Whitby, Clarington, Belleville, Brock, and Gravenhurst. Responses to the six core survey questions resulted in a 2021 Public Safety Awareness Index of 87%.

Helping customers and the public understand the importance of staying safe and using electricity wisely is a priority for Elexicon. Elexicon worked to continuously enhance public awareness of electrical safety through the following initiatives in 2022:

- **Student Education Programs:** Elexicon sponsors an informative and dynamic Kids Safety Village (Village) in Durham Region. The Safety Village is a community project dedicated to building a safer future for children. More than 200,000 school-aged students throughout Durham Region visit the site throughout the school year. Elexicon has collaborated with the Village to provide virtual and in-classroom electrical safety presentations to students Grade 1 to 3. The goal of these sessions is to inform local youth about various electric hazards in a collaborative, engaging learning environment. Elexicon Energy was the award recipient of the EDA 2022 Public Safety Award for this initiative.
- **Customer Newsletter:** Twice annually, Elexicon provides its customers with an information newsletter called “The Illuminator”, which includes public safety information.
- **Social Media:** Elexicon issues safety related tweets using Electrical Safety Authority’s (“ESA”) social media calendar.
- **Website Communication:** Elexicon’s website provides video links and presentations to educate the public on overhead powerline, underground cables, and car safety.

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

Ontario Regulation 22/04 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 placed into service.

In 2022 Elexicon was compliant with Ontario Regulation 22/04.

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

Elexicon Energy Inc. experienced two serious electrical incidents for the 2022 reporting period. Both incidents occurred due to items beyond the control of Elexicon. One due to inadvertent contact by a construction contractor moving scaffolding and one due to tree contact caused by a homeowner trimming trees in their backyard. Elexicon investigates each reported incident and deploys a member from their Health, Safety and Environment team to educate the members of public involved in the incident with electrical powerline safety education. Elexicon believes that a focus on education will assist in reducing the risk of serious electrical incidents in the future.

System Reliability

2022 was a particularly challenging year for Elexicon as the distribution system came under a lot of stress as a result of unprecedented severe weather events and some major station transformer failures that contributed towards greater than normal levels of power outages for our customers. As a result, Elexicon reported an increase in its reliability metrics, compared to the previous year with the major driver being storms that did not meet the major event threshold. Consequently, Elexicon was not able to meet its SAIDI (System Average Interruption Duration Index) target for the year, as described below.

Elexicon continues to develop its internal processes and work on a strict schedule of asset condition assessment, maintenance/replacement programs and timely monitoring/reviews to ensure that appropriate investments are made in its distribution system in a timely and cost-effective manner. Elexicon's regular maintenance program also includes an annual overhead tree-trimming program to ensure full coverage of the service area over a 3-year cycle. Elexicon's consolidated outage data is derived from a combination of automated outage management system and manual reporting system based on proprietary GIS platform. These systems are capable of tracking system configuration changes in real time, providing accurate customer counts from affected areas, Integrated Voice Response ("IVR") and outage notifications. The data collected through these systems, is used to calculate and analyze the System Reliability metrics.

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

Elexicon's 2022 year-end measurement on SAIDI reported a score of 1.71 (i.e., 1.71 hours of interruption on average, per customer) which exceeded the OEB target of 1.35.

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

Elexicon's 2022 year-end measurement on SAIFI reported a score of 1.19 (i.e., 1.19 times power was interrupted on average, per customer). This result is although higher than the one reported in 2021 (1.12) but is still significantly better than the OEB target of 1.69.

Asset Management

- **Distribution System Plan Implementation Progress**

The OEB has permitted electricity distributors to use their discretion to develop and implement a measure that they feel most effectively reflects their performance in plan implementation. Elexicon is very cognizant of its commitment to prudently manage its annual capital investments and ensure that it remains within the approved capital budget throughout the year. Elexicon uses the following formula to calculate DSP Implementation Progress:

$$\text{DSP Implementation Progress} = (\text{Total Annual Actual Capital Spend}) / (\text{Approved Annual Capital Budget})$$

Implementing the planned investment schedule and carrying out the capital program in its entirety continues to be an annual goal for the organization. This will ensure consistent alignment between customer preferences and Elexicon's investment objectives. Elexicon has adopted a target of 90% for this performance measure. A performance result of 100% would mean that the actual capital expenditures were equal to the planned budget. In 2022, Elexicon reported a Distribution System Plan Implementation Progress value of 92.48% which is above target.

Cost Control

- **Efficiency Assessment**

The OEB uses an econometric model that predicts total costs for each electricity distributor and compares it to their actual costs. Depending on the percentage difference between the predicted and actual costs over a three year average, the distributor is assigned to one of five groupings (1 being the most efficient, 5 being the least efficient). Since 2012, both predecessor distributors Veridian and Whitby Hydro have been included in Group 3 of the OEB's established five groups, and this trend has continued for Elexicon from 2019 to 2022.

In 2022, Elexicon's actual total costs were below the predicted costs by 3.6%. This represents an improvement from 2021 when actual total costs were below the predicted costs by 2.9%.

- **Total Cost per Customer**

This metric is calculated by dividing the total of Elexicon's 2022 operating and capital costs, as derived within the OEB efficiency assessment model, by the total number of customers Elexicon serves. In 2022, the total cost per customer was \$704 which compares favourably to the average for all distributors of \$761.

The table below provides total costs broken out by operating and capital costs.

Cost per Customer	2022
Operating Costs	\$ 258
Capital Costs	\$ 446
	<u>\$ 704</u>

Elexicon experienced higher OM&A costs per customer in 2022, an increase of 4% due to inflation and incremental business requirements (e.g., cybersecurity, enterprise risk management).

Over the last few years capital costs have trended higher as Elexicon has focused on the renewal and modernization of its distribution assets to enhance reliability for customers. In 2022, Elexicon brought into service Seaton municipal transformer station. Elexicon will continue to manage asset replacement and rehabilitation and be prudent in its spending.

- **Total Cost per Km of Line**

This metric is calculated by taking Elexicon's total cost, as derived within the OEB efficiency assessment model and dividing this cost by the total kilometers of line that Elexicon operates to serve its customers.

The 2022 total cost per km of line was \$31,028. This is an increase of 8.7% over 2021 which was partially due to the higher material costs resulting from supply chain constraints. The additional kilometers of line in any given year can vary and as such, total cost per km of line can vary year over year. Variability is in part due to the OEB model requiring gross costs to be included in the total cost calculation. Third-party capital costs, for example, roadwork construction, are beyond Elexicon's control and to a great extent funded by third-parties.

As capital investments for replacement and rehabilitation of existing lines begins to grow at a faster rate than additions of lines within Elexicon's service area, total cost per km of line will be expected to increase in the future.

Connection of Renewable Generation

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

For a renewable energy generation facility that has a nameplate rated capacity of less than or equal to 10 kW, an offer to connect is to be issued no later than 90 days after the date the connection request is received. After the project is installed and has passed the electrical safety inspection, Elexicon must have the following information to finalize the connection:

- (a) Connection Authorization letter issued by the Electrical Safety Authority;
- (b) Payment for the connection costs; and
- (c) A signed “Micro-Embedded Generation Facility Connection Agreement”.

Upon receipt of all of the required connection information, Elexicon would install and connect the meter within 5 business days of all conditions being met. The percentage completion for new micro embedded generation facilities has consistently been 100% since 2018 and we continued with this trend in 2022 wherein Elexicon connected 13 micro-embedded generation facilities and all of them were connected within the prescribed timeframe, thereby exceeding the 90% OEB target.

Financial Ratios

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

The current ratio is calculated by dividing the sum of a distributor's "Current Assets" by the sum of the distributor's "Current Liabilities" and indicates whether or not the distributor has enough resources (assets) to pay its debts (liabilities) over the next 12 months. Current assets represent cash and other assets that are expected to become cash within the next 12 months. Conversely, current liabilities are financial obligations that are anticipated to be paid within the next 12 months.

Elexicon's current ratio is normally affected by items such as earnings, debt proceeds, accounts receivable balances which can fluctuate significantly on timing of billing and collection activities as well as accounts payable balances fluctuating with the price of electricity acquired on behalf of customers. Additionally, the timing and extent of capital investments in Elexicon's distribution system can have a significant impact on cash balances.

Elexicon's current ratio decreased from 1.46 in 2021 to 0.33 in 2022, primarily due to reclassification of long-term borrowings to short-term borrowings. Higher than normal capital investments in 2022 resulted in Elexicon not being in compliance with one of its credit facilities financial covenants with the lender. Subsequent to the year end, Elexicon obtained a waiver from the lender, however, this did not avoid the IFRS accounting requirement to present the long-term borrowings as short-term borrowings for the 2022 financial statements.

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

The debt-to-equity ratio measures the extent to which assets are financed by debt and equity for an entity. The OEB uses a deemed capital structure of 60% debt and 40% equity for distributors when establishing rates, representing a debt-to-equity ratio of 1.5 (60/40). A debt-to-equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt-to-equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure.

Elexicon's total debt to equity ratio increased from 1.18 in 2021 to 1.33 in 2022 primarily due to an increase in debt in order to finance capital investment in the distribution system. Elexicon's ratio below the deemed ratio is a strong financial indicator and indicates that it has debt capacity to operate its business and complete its capital programs. Elexicon's strong financial position is further supported by the recent DBRS Morningstar rating of "A" with a Stable trend for Elexicon Corporation, the parent company of Elexicon Energy Inc.

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

Elexicon's current distribution rates for the Veridian and Whitby rate zones were approved by the OEB and include an expected (deemed) regulatory return on equity. The weighted average deemed ROE for Elexicon is calculated as 9.43% based on the predecessor distributors last approved cost of service rate applications. The OEB allows a distributor to earn within +/- 3% of the deemed return on equity. If a distributor performs outside of a range of +/- 3% of the deemed ROE, this may trigger a review of the distributor's revenue and cost structures.

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

Elexicon's achieved regulatory return on equity in 2022 was 4.86%, which is 4.57% below the deemed ROE of 9.43%. Major drivers resulting in the lower achieved ROE include external factors such as inflation, incremental business requirements (i.e. cybersecurity, enterprise risk management), higher deemed interest expense as a result of external economic factors and higher investment requirements in the grid, and the distribution revenue credit back to customers due to the Assurance of Voluntary Compliance (AVC) related to Elexicon's billing system.

Note to Readers of 2022 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard and could be markedly different in the future.