

Scorecard - Elexicon Energy Inc.

10/21/2020

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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	97.00%	97.00%	98.00%	96.00%	96.40%		90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	99.00%	99.74%		90.00%	
		Telephone Calls Answered On Time	79.00%	77.00%	82.00%	82.00%	76.01%		65.00%	
	Customer Satisfaction	First Contact Resolution	84%	87%	87%	88%	88.60%			
		Billing Accuracy	99.75%	99.84%	99.91%	99.93%	99.92%		98.00%	
		Customer Satisfaction Survey Results	90%	91%	92%	95%	95.00%			
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	81.00%	81.00%	83.00%	83.00%	84.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	0	1	1	2	0		
	Rate per 10, 100, 1000 km of line		0.000	0.300	0.273	0.535	0.000			0.155
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.56	1.17	0.98	1.32	1.34			1.35
		Average Number of Times that Power to a Customer is Interrupted ²	2.01	1.28	1.11	1.16	1.05			1.69
	Asset Management	Distribution System Plan Implementation Progress	89.95%	109.62%	94.84%	99.07%	104.00%			
	Cost Control	Efficiency Assessment	3	3	3	3	3			
		Total Cost per Customer ³	\$603	\$618	\$605	\$624	\$648			
Total Cost per Km of Line ³		\$28,988	\$27,282	\$26,361	\$27,139	\$28,396				
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).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴	13.00%	30.00%	64.00%	82.00%	89.00%			201.41 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	100.00%		100.00%			
		New Micro-embedded Generation Facilities Connected On Time	99.00%	88.00%	95.00%	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)	1.37	1.50	1.33	0.81	1.04			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.10	1.12	1.05	1.05	0.91			
		Profitability: Regulatory Deemed (included in rates)	9.43%	9.43%	9.43%	9.43%	9.43%			
		Return on Equity Achieved	9.58%	9.44%	9.09%	9.84%	7.61%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. 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. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2019 Scorecard Management Discussion and Analysis (“2019 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 2019 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 and provides electricity service to approximately 169,000 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 2019 reporting year, Elexicon filed its first set of consolidated Reporting and Record Keeping Requirements (“RRR”) data with the Ontario Energy Board (“OEB”), and is now presenting its first annual electricity utility scorecard based on that information. The 2019 results in this scorecard are based on the 2019 RRR data as filed by Elexicon, however the data from 2015-2018 is based on consolidated data from the two predecessor utilities. This 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 on the methodology used, Elexicon endeavored to consolidate past results in such a way to ensure accuracy and as much comparability as possible to its current performance.

In its inaugural electricity utility scorecard, Elexicon delivered exceptional results across all performance categories. Elexicon either met or exceeded its assigned target for all categories despite the challenges faced as a newly merged entity with a rapidly growing customer base. Elexicon is very proud of the progress it has made in 2019 by integrating two utilities to work seamlessly as one, while maintaining a high level of operational and customer service excellence.

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 2019, Elexicon connected 96.40% 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. From 2015 to 2018, Elexicon has, on average, connected 2,008 new Residential/Small Business customers per year, but new sub-division and commercial development in Elexicon's service territories saw a significant increase in 2019, with a total of 3,306 new service connections. Even with an increase in new connections of nearly 65%, Elexicon was able to successfully meet and exceed the service quality target of 90%.

- **Scheduled Appointments Met On Time**

In 2019, 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 99.74% for 2019, which is well above the industry 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 2019 Elexicon's Customer Service Representatives responded to 122,338 customer telephone enquiries. 76.01% of the calls were answered within 30 seconds, which is above the OEB target of 65%.

After the April 1, 2019 merger work began on the integration of staff and standardizing processes and procedures. These ongoing efforts coupled with the associated staff training requirements have resulted in a slight deterioration in service level when compared to preceding years.

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.

This difference in approach to calculating first contact resolution can be seen in the methodology used by the merging entities.

Former Veridian had developed an internal tracking mechanism to measure first contact resolution that takes into account customer phone calls and customer written correspondence. At the time of contact, the customer care representative entered a call code to identify the type of enquiry the customer made. A report was then run against the call codes. Customers who made contact again, within the month, and had registered the same call code against their account were excluded from being considered as first contact resolution.

Former Whitby Hydro calculated first contact resolution by measuring escalated calls. If a call was escalated by the Customer Service Representatives to management then it was deemed that first contact resolution had not been achieved.

The blending of the scores for the two methodologies resulted in Elexicon achieving first contact resolution 88.6% of the time for 2019.

The Customer Information Systems of the two organizations will be merged in late 2020. At that time, a unified methodology for determining first contact resolution will be adopted.

- **Billing Accuracy**

In 2019, Elexicon achieved a billing accuracy of 99.92% which is consistent with the results of previous years. Since being introduced as a measure in October of 2014, Elexicon and its legacy companies have consistently exceeded the OEB target of 98%.

- **Customer Satisfaction Survey Results**

Elexicon's predecessor organizations regularly conducted a comprehensive customer satisfaction survey to obtain feedback from its customers. Both predecessor organizations had excellent customer satisfaction scores and the blended results are shown for the period of 2015 – 2019. The last survey indicates that 95% of Elexicon customers are either 'very' or 'fairly' satisfied with the company's overall

performance.

Over the 2015 – 2019 timeframe, both predecessor organizations have utilized the same market research firm to conduct the surveys using a consistent methodology and sample size. The surveys are conducted by telephone and include a mix of residential and business customers. Survey questions cover a wide range of topics such as system reliability, customer services, billing and corporate image. Detailed results are reviewed by Elexicon staff to help inform the company’s business planning processes.

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 exceeded these benchmark performance levels, as shown in the table below:

Customer Satisfaction Scores					
Year	2015	2016	2017	2018	2019
Elexicon*	90%	91%	92%	95%	95%
Provincial Benchmark	80%	83%	76%	76%	89%
National Benchmark	87%	88%	86%	86%	91%
Elexicon Deviation from Provincial Benchmark	+10%	+8%	+16%	+19%	+6%

*blended scores for Whitby Hydro and Veridian (weighted average based on customer count)

In late 2020 or early 2021 Elexicon will be conducting its first customer satisfaction survey as an integrated entity.

Safety

- **Public Safety**

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

To gauge overall electrical safety awareness amongst the general public, Elexicon commissioned a research firm to conduct its Public Awareness of Electrical Safety Survey in January 2020. 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 its service territories. Responses to the six core survey questions resulted in a 2019 Public Safety Awareness Index of 84%.

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

- Student Education Programs - Elexicon sponsors an informative and dynamic Kids Safety Village in Durham Region. As a commitment to the Safety Village, Elexicon participated in the Village Holiday celebrations in 2019. The site educated children on electrical hazards of playing on or near ground transformers, hydro lines and call before you dig. The Safety Village is a community project dedicated to building a safer future for children. More than 200,000 school aged students have toured and continue to tour this site throughout the school year;
- Customer Newsletter - twice annually, Elexicon provides its customers with “The Illuminator” newsletter, which includes public safety information. Summer issue – Call Before You Dig info; Winter issue – Stray Voltage;
- Social Media - Safety related tweets using the Electrical Safety Authority’s social media calendar;
- Website Communication – Elexicon’s website provides video links and presentations to educate the public on overhead powerlines, underground cables, and car safety; and
- School Safety Presentations - Electrical Safety & Conservation typically presents to a handful of schools around May and June on behalf of Elexicon.

- **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.

Both former utilities, Veridian and Whitby Hydro, were found to be consistently compliant with Ontario Regulation 22/04 (Electrical

Distribution Safety) over the last five years, and Elexicon Energy Inc. has maintained this trend in 2019 as a new entity. It is currently in the process of consolidating its standards, equipment specifications, approval processes and Construction Verification Program.

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

The Electrical Safety Authority (“ESA”) defines a Serious Electrical Incident as an event that may cause or have the potential to cause death or critical injury. This measurement details the number of and rate of serious electrical incidents occurring on Elexicon’s distribution system and has been normalized per 1,000km of line. For 2019, Elexicon Energy Inc.’s Serious Electrical Incident Index was 0 (i.e. there were no such incidents reported in 2019).

System Reliability

No distribution system is immune to the effects of severe weather and unexpected equipment failure. Elexicon is committed to providing a consistent and high level of reliability to its customers through putting in place 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. As a result of these collective efforts, Elexicon has been able to demonstrate a continuing historical trend of lower average number of times and duration that power to a customer was interrupted in 2019.

In 2016, the OEB defined and introduced an approach to reliability measurement that removes the impact of "major events". A major event is defined as one that is beyond the control of the distributor and is characterized as unforeseeable, unpredictable, unpreventable and unavoidable. Elexicon reviews five years of historical information and uses the IEEE 1366 (Institute of Electrical and Electronics Engineers) as the preferred approach for determining major events and these are excluded from reliability reporting.

Elexicon's System Reliability targets are determined using historical performance data to derive a 5-year baseline, which is consistent with the methodology outlined by the OEB. With the System Reliability measures of SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) described below, a lower score indicates better reliability performance.

The two former utilities (Veridian and Whitby Hydro) had different Outage Management System technologies and tracking processes in place within their respective service areas. Consequently, Elexicon's consolidated outage data is derived from a combination of an automated Outage Management System through AMI Smart Meter Interface (Whitby service area) and an in-house manual Outage Detection and Reporting System (Veridian service areas), both based on proprietary GIS platforms. These systems are independently capable of being updated with system configuration changes in real time, providing live customer counts from affected areas, IVR (Integrated Voice Response) and outage notifications.

Pending consolidation, the data from the two system and processes, is collected and assimilated through a single outage database that is used to calculate and analyze the System Reliability metrics. Elexicon has reported a slight increase in the average hours of interruption per customer, but an improvement in the average number of interruptions per customer in 2019.

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

Elexicon's 2019 year-end measurement on SAIDI reported a score of 1.34 (i.e. 1.34 hours of interruption on average, per customer). This result is slightly better than the OEB target of 1.35.

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

Elexicon's 2019 year-end measurement on SAIFI reported a score of 1.05 (i.e. 1.05 times power was interrupted on average, per customer). This result is significantly better than the OEB target of 1.69.

Asset Management

- **Distribution System Plan Implementation Progress**

In 2019 Elexicon achieved 95% completion on its consolidated capital plan. Elexicon Energy 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.

Implementing the planned investment schedule and carrying out the capital program in its entirety continues to be an annual goal for the organization. Elexicon is currently working on its consolidated Distribution System Plan and will be reaching out to its customer base in 2020, as part of an on-going engagement process, to garner high-level feedback from its customers and advise its long-term capital plans, going forward. This will ensure consistent alignment between customer preferences and Elexicon's investment objectives.

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 in 2019 for Elexicon.

In 2019, Elexicon's actual total costs were below the predicted costs by 1.0%. This represents a slight increase from Veridian's 2016-2018 average total costs which were 3.1% below the total predicted costs and Whitby Hydro's 2016-2018 average total costs which were 3.9% below the total predicted costs. The increase in costs for 2019 are partly due to the merger transition, which is typical for a company to experience in the first year of its merger. Elexicon expects such transition costs to decrease in 2020 as the organization starts to realize further cost savings due to the merger.

- **Total Cost per Customer**

This metric is calculated by dividing the total of Elexicon's 2019 operating and capital costs, as derived within the OEB efficiency assessment model, by the total number of customers Elexicon serves. In 2019, the total cost per customer was \$648, which compares favourably to the average for all distributors of \$705. The table below provides total costs broken out by operating and capital costs for 2019.

Costs per Customer	2019
Operating Costs	\$ 239
Capital Costs	\$ 408
	<hr/>
	\$ 648

Throughout 2017 and 2018 Elexicon's predecessor distributors were engaged in merger discussions. In anticipation of the merger, the predecessor distributors prudently identified initiatives that should be deferred until post-merger so that they could be undertaken more effectively on a combined basis in Elexicon. A significant contributor to lower historical OM&A costs were earlier than anticipated staff retirements and staff vacancies which were not backfilled in anticipation of the merger. Absent the planned merger, it is likely that operating costs per customer would have increased over this time.

In 2019, Elexicon's operating costs were higher due to transition costs, such as legal and consulting, related to the Elexicon's merger.

Over the last few years, capital costs have increased as Elexicon and its predecessor utilities have focused on the renewal and modernization of their distribution assets to enhance reliability for customers. Additionally, Elexicon has begun investments in system capacity to support major growth within the Pickering Seaton communities. Elexicon will continue asset replacement and rehabilitation in a managed timeframe and seek efficiencies 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 2019 total cost per km of line was \$28,396. The addition of kilometers of line in any given year can vary and as such, total cost per km of line can vary year over year. This variability is in part due to the OEB model requiring gross costs to be included in the total cost calculation. Third-party capital requirement costs, for example, roadwork construction, are beyond Elexicon's control and to a great extent funded by third-parties. Nonetheless, the gross costs are included in the total cost calculation.

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.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

In April 2015 Veridian and Whitby Hydro filed a joint 2015-2020 Conservation and Demand Management (“CDM”) plan with the Independent Electricity System Operator (“IESO”) under the new Conservation First Framework. On March 21, 2019 the Ministry of Energy, Northern Developments and Mines announced the termination of the 2015-2020 Conservation First Framework for electricity distributors and directed utilities to cease the acceptance of any new conservation applications from their customers on April 1, 2019.

As of March 2019 Elexicon had achieved 89% of its 2015-2020 energy savings target. This was achieved by leveraging the suite of IESO province-wide conservation programs and placing an emphasis on supporting the conservation efforts of large commercial, industrial and institutional customers.

Connection of Renewable Generation

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

Upon receipt of a completed application for a renewable energy generation facility that has a nameplate rated capacity of greater than 10 kW, Elexicon Energy is required to complete the Connection Impact Assessment (“CIA”) within the application timeline prescribed in Ontario Regulation 326/09. For projects up to 500 kW, the timeline is (a) 60 days or (b) 120 days if an upstream electricity distributor CIA is required. For projects greater than 500 kW and less than 10 MW, the timeline is (a) 90 days or (b) 120 days if it requires the involvement of other upstream electricity distributors.

In 2019, Elexicon Energy successfully completed 2 Connection Impact Assessments for its customers while meeting the above required timelines.

- **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 Association;
- (b) payment for the connection costs; and
- (c) a signed “Micro-Embedded Generation Facility Connection Agreement”.

On receipt of all of the required connection information, Elexicon Energy would install and connect the meter within 5 business days of all conditions being met.

In 2019 Elexicon Energy connected 5 micro-embedded generation facilities and all of them were connected within the prescribed timeframe, thereby exceeding the 90% target.

Financial Ratios

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

Current ratio is a common measure of a company's ability to pay its short-term debts and financial obligations and a ratio higher than 1 is favourable. Elexicon's current ratio in 2019 was 1.04, and higher than the merged 2018 value for its predecessor utilities of 0.81 (1.33 in 2017).

The increase in this ratio was due to the 2018 classification of \$35 million in bank debt as a current liability. While the maturity date of this debt was prior to December 31, 2019, predecessor Veridian planned for, and subsequently, renewed this debt with a long-term maturity date and the debt should effectively be excluded from the 2018 Current Ratio calculation. Reclassification of this debt as a long-term liability would result in a Current Ratio of 1.21.

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

In 2019, Elexicon maintained a total debt to equity structure below the deemed 60% debt and 40% equity capital mix as set out by the OEB. Elexicon's total debt to equity ratio was 0.91, whereas the deemed rate, set as the 'standard' or 'preferred', is 1.5. This indicates that, to operate its business and complete its capital programs Elexicon has debt capacity. Elexicon's ratio below the deemed rate is a strong financial indicator. This is also supported by the May 2020 DBRS confirmation of "A" stable credit rating of Elexicon's parent company, Elexicon Corporation.

- **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.

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

Elexicon's achieved regulatory return on equity was 7.61%, which is 1.82% below the expected or deemed levels and within the +/- 3% range allowed by the OEB.

Note to Readers of 2019 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.