

Scorecard - Elexicon Energy Inc.

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	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%	98.00%	96.00%	96.40%	93.74%		90.00%		
		Scheduled Appointments Met On Time	100.00%	100.00%	99.00%	99.74%	98.80%		90.00%		
		Telephone Calls Answered On Time	77.00%	82.00%	82.00%	76.01%	61.89%		65.00%		
	Customer Satisfaction	First Contact Resolution	87	87	88	88.60%	89.3				
		Billing Accuracy	99.84%	99.91%	99.93%	99.92%	99.60%		98.00%		
		Customer Satisfaction Survey Results	91%	92%	95%	95.00%	97				
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%	83.00%	83.00%	84.00%	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	1	1	2	0	0			0
			Rate per 10, 100, 1000 km of line	0.300	0.273	0.535	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.17	0.98	1.32	1.34	1.37			1.35	
		Average Number of Times that Power to a Customer is Interrupted ²	1.28	1.11	1.16	1.05	1.01			1.69	
	Asset Management	Distribution System Plan Implementation Progress	109.62%	94.84%	99.07%	104.00%	76.81				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$618	\$605	\$624	\$648	\$630				
		Total Cost per Km of Line ³	\$27,282	\$26,361	\$27,139	\$28,396	\$27,593				
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	100.00%	100.00%		100.00%	66.67%				
		New Micro-embedded Generation Facilities Connected On Time	88.00%	95.00%	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)	1.50	1.33	0.81	1.04	1.29				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.12	1.05	1.05	0.91	1.07				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.43%	9.43%	9.43%	9.43%	9.43%			
			Achieved	9.44%	9.09%	9.84%	7.61%	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

2020 Scorecard Management Discussion and Analysis (“2020 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 2020 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 170,000 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 2020 reporting year, Elexicon filed its second annual set of consolidated Reporting and Record Keeping Requirements (“RRR”) data with the Ontario Energy Board (“OEB”). The 2019 and 2020 results in this scorecard are based on the 2019 and 2020 RRR data as filed by Elexicon. However, the data from 2016-2018 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 of the methodology used, Elexicon endeavored to consolidate past results in such a way so as to ensure accuracy and as much comparability as possible to its current performance.

2020 was a year like no other as the global COVID-19 pandemic continues to be one of the most difficult challenges our global and local communities, economies and systems have had to endure in decades. This pandemic gave us all a new awareness of the importance of community, kinship, safety, the environment and responsibility. It has tested our collective resolve and challenged us to quickly shift our perspectives and priorities. Elexicon entered this pandemic just eight months after being formed from the merger of its two predecessor utilities. It has continued to make significant progress in creating merger synergies, including integrating its financial systems and customer experience systems and databases.

Elexicon is committed to providing its customers with a superior experience and is proud to announce that it has conducted its first ever Customer Satisfaction Survey and scored 97%. This represents the highest score ever achieved by Elexicon, or its predecessors, and further confirms that the merger is delivering benefits to customers. While Elexicon is pleased to be highly regarded by its customers, it also understands there is always opportunity to improve. Customer Centricity has been identified as a strategic pillar for the organization and Elexicon will continue to advance and innovate to meet its customers' needs.

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 2020, Elexicon connected 93.74% 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. Working through the height of the COVID-19 pandemic, in unprecedented circumstances, new low-voltage residential and small business customers still proceeded with a total of 2,286 new service connections. Even with the challenges brought on by the pandemic, Elexicon was able to successfully meet and exceed the OEB service quality target of 90%.

- **Scheduled Appointments Met On Time**

In 2020, 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 98.80% for 2020, which is well above the 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 2020, Elexicon's Customer Service Representatives responded to 115,108 customer telephone inquiries. 61.89% of the calls were answered within 30 seconds, which is slightly below the OEB target of 65%.

Elexicon is very committed to customer service and its ability to respond to telephone service inquiries. The impact of COVID-19 in the spring of 2020, specifically the need for Elexicon's customer service representatives to work from home, negatively impacted its ability to respond to telephone inquiries. In addition to technology challenges introduced with the work-from-home model, Elexicon experienced a higher volume of telephone inquiries than expected due to customer inquiries related to the COVID-19 Energy Assistance Program ("CEAP"), as well as a higher number of calls from customers inquiring about its Arrears Management Program and Customer Choice Program.

Elexicon has taken corrective action to address the above challenges, including system and technology performance improvements as well as increased staffing as it remains committed to improving responsiveness to customer telephone inquiries in 2021.

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.

In 2020 Elexicon established a unified methodology for determining first contact resolution. This methodology includes measuring the number of customer contacts (both telephone inquiries and written correspondence) related to the same topic or type of inquiry received within the period of a calendar month. Customers who made contact more than once within a calendar month for the same type of enquiry, were excluded from being considered first contact resolution.

Elexicon continues to improve in this category and achieved 89.3% first contact resolution in 2020.

- **Billing Accuracy**

In 2020, Elexicon achieved a billing accuracy of 99.60% 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**

In 2020, Elexicon conducted its first customer satisfaction survey as an integrated entity. Survey results indicate 97% of Elexicon's customers are either 'very' or 'fairly' satisfied with the company's overall performance.

Over the 2016 – 2019 timeframe, both predecessor organizations 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	2016	2017	2018	2019	2020
Elexicon*	91%	92%	95%	95%	97%
Provincial Benchmark	83%	76%	76%	89%	93%
National Benchmark	88%	86%	86%	91%	94%
Elexicon Deviation from Provincial Benchmark	+8%	+16%	+19%	+6%	+4%

**Years 2016 through to 2019 represent blended scores for Whitby Hydro and Veridian (weighted average based on customer count)*

Safety

- **Public Safety**

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

Helping customers and the public understand the importance 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. 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 a dedicated site on the property which educates students on electrical hazards of playing on or near ground transformers, hydro lines and call before you dig.
- **Customer Newsletter:** Twice annually, Elexicon provides its customers with an information newsletter called; The Illuminator, which includes public safety information. Summer issue - Call Before you Dig information, Winter issue - Stray Voltage
- **Social Media:** Safety related tweets using Electrical Safety Authority's ("ESA") social media calendar.
- **Website Communication:** Elexicon and its legacy utilities' websites provide video links and presentations to educate the public on overhead powerlines, underground cables and car safety.

Due to COVID restrictions, Elexicon's school safety presentations delivered by Electrical Safety & Conservation were cancelled for the 2020 school year.

- **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 2020 Elexicon was compliant with Ontario Regulation 22/04.

- **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 2020, Elexicon's Serious Electrical Incident Index was 0.

System Reliability

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

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.

Elexicon's consolidated outage data is derived from a combination of automated outage management system and manual reporting system based on a proprietary Geographic Information System platform. These systems are capable of tracking system configuration changes in real time, providing accurate customer counts from affected areas, Integrated Voice Response and outage notifications.

The data from the two systems 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 2020. The increase in average number of hours is attributed to a single equipment failure outage in the Bowmanville area that accounted for 22% of total annual outage duration. This failure was an isolated event that does not represent a systemic issue.

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

Elexicon's 2020 year-end measurement for SAIDI reported a score of 1.37 (i.e., 1.37 hours of interruption on average, per customer). This result is slightly higher than the OEB target of 1.35.

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

Elexicon's 2020 year-end measurement for SAIFI reported a score of 1.01 (i.e., 1.01 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**

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 implementing their Distribution System Plan (“DSP”). 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 its 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 the minimum 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 2020, Elexicon reported a Distribution System Plan Implementation Progress value of 76.81% which is below target. This value can be attributed to the negative impact, restrictions and delays associated with COVID-19.

Cost Control

- **Efficiency Assessment**

The OEB uses an econometric model which 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. In 2019, Elexicon was in Group 3 and this trend has continued in 2020.

In 2020, Elexicon's actual total costs were below the predicted costs by 4.3%. This represents an improvement from 2019 when actual total costs were below the predicted costs by 1.0%. The decrease in costs for 2020 is primarily due to staff retirements and also in part due to lower merger transition costs. Elexicon expects to realize further cost savings going forward due to the merger.

- **Total Cost per Customer**

This metric is calculated by dividing the total of Elexicon's 2020 operating and capital costs, as derived within the OEB efficiency assessment model, by the total number of customers Elexicon serves. In 2020, the total cost per customer was \$630 which compares favourably to the average for all distributors of \$691. The table below provides total costs broken out by operating and capital costs.

Cost per Customer	2020
Operating Costs	\$ 236
Capital Costs	\$ 394
	<u>\$ 630</u>

Elexicon experienced lower OM&A costs per customer in 2020, a decline of 1% due to earlier than anticipated staff retirements and staff vacancies which were not immediately filled. Absent the planned merger, it is likely that operating costs per customer would have increased over this time.

Over the last few years capital costs have trended higher 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 2020 total cost per km of line was \$27,593. The addition of kms 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.

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 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 2020, the percentage completion on time for Renewable Generation CIA was 66.67% which is lower compared to 100% completion in 2019. This is primarily attributed to administrative paperwork delivery oversights associated with COVID-19 remote work adjustments. Elexicon restructured processing of the CIA applications and assigned the function to more dedicated resources to ensure that completion targets are met for all applications going forward.

- **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”.

On receipt of all 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. In 2020, Elexicon connected 4 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 2020 is 1.29. The increase in this ratio was primarily due to an increase in accounts receivable related to higher pass-through electricity costs and timing of billing and collection activities partially due to COVID-19.

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

In 2020, Elexicon maintained a total debt to equity structure well below the deemed 60% debt and 40% equity capital mix as set out by the OEB. Elexicon's total debt to equity ratio was 1.07, 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 significant debt capacity. Elexicon's ratio below the deemed rate is a strong financial indicator. This is also supported by the May 2021 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 6.80%, which is 2.63% below the expected or deemed levels and within the +/- 3% range allowed by the OEB.

Note to Readers of 2020 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.