

Scorecard - Elexicon Energy Inc.

Performance Outcomes	Performance Categories	Measures	2017	2018	2019	2020	2021	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	98.00%	96.00%	96.40%	93.74%	95.97%		90.00%		
		Scheduled Appointments Met On Time	100.00%	99.00%	99.74%	98.80%	99.96%		90.00%		
		Telephone Calls Answered On Time	82.00%	82.00%	76.01%	61.89%	75.99%		65.00%		
	Customer Satisfaction	First Contact Resolution	86.80%	87.90%	88.60%	89.30%	93.00%				
		Billing Accuracy	99.91%	99.93%	99.92%	99.60%	99.75%		98.00%		
		Customer Satisfaction Survey Results	92.00%	95.00%	95.00%	97.00%	97.00%				
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%	83.00%	84.00%	84.00%	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	1	2	0	0	0			1
			Rate per 10, 100, 1000 km of line	0.273	0.535	0.000	0.000	0.000			0.155
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.98	1.32	1.34	1.37	1.17			1.35	
		Average Number of Times that Power to a Customer is Interrupted ²	1.11	1.16	1.05	1.01	1.12			1.69	
	Asset Management	Distribution System Plan Implementation Progress	94.84%	99.07%	104.00%	76.81%	94.00%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$605	\$624	\$648	\$630	\$652				
		Total Cost per Km of Line ³	\$26,361	\$27,139	\$28,396	\$27,593	\$28,531				
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%		100.00%	66.67%					
		New Micro-embedded Generation Facilities Connected On Time	95.00%	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)	1.33	0.81	1.04	1.29	1.46				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.05	1.05	0.91	1.07	1.18				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.43%	9.43%	9.43%	9.43%	9.43%			
			Achieved	9.09%	9.84%	7.61%	6.80%	6.87%			

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

2021 Scorecard Management Discussion and Analysis (“2021 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 2021 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.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 174,000 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 2021 reporting year, Elexicon filed its third set of consolidated annual Reporting and Record Keeping Requirements (“RRR”) data with the Ontario Energy Board (“OEB”). The 2019 to 2021 results in this scorecard are based on the 2019 to 2021 RRR data as filed by Elexicon. However, the data from 2017 and 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.

In 2021, Elexicon built upon its four strategic pillars of: Customer Centricity; Operational Excellence; Economic Development; and Strategic Investment and offers the following highlights:

- Elexicon filed its new consolidated 2021-2026 Distribution Systems Plan (“DSP”) with the Ontario Energy Board (“OEB”). Customer input and feedback was received by way of a survey and integrated into the plan to ensure Elexicon made the right investments to meet the needs of its communities at the right time.
- Construction started on the Seaton Municipal Transformer Station in north Pickering. This major project is several years in the making and will be the first time Elexicon will own a municipal transformer station. The station will provide connection capacity to over 32,000 new customers and is expected to be operational by late 2022.
- Elexicon launched Canada’s first residential, nested community micro grid in 2021. In addition to being connected to the local grid, the community micro grid uses energy produced by rooftop solar panels and stored in a lithium-ion battery controlled and

monitored by advanced software and communications systems from Elexicon Energy's System Control Centre.

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 2021, Elexicon connected 95.97% 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 coronavirus ("COVID-19") pandemic (the "pandemic"), in unprecedented circumstances, new low-voltage residential and small business customers still proceeded with a total of 2,384 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 2021, 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 99.96% 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 2021, Elexicon's Customer Care Representatives responded to 112,565 customer telephone inquiries. 75.99% of the calls were answered within 30 seconds, which is well above the OEB target of 65%.

Elexicon is very committed to customer centricity and its ability to respond to customer telephone inquiries. Corrective actions taken to address challenges related to the impact of COVID-19 have yielded results and improved the level of service significantly from the previous year (61.89%) for a comparable number of customer telephone inquiries.

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 (i.e., telephone inquiries, written correspondence, and field contacts) related to the same topic or type of inquiry received within the period of a calendar month. Customers with contacts more than once within a calendar month for the same type of inquiry were excluded from being considered first contact resolution.

Elexicon continues to improve in this category and achieved 93.0% first contact resolution in 2021.

- **Billing Accuracy**

In 2021, Elexicon achieved a billing accuracy of 99.75% 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**

Elexicon conducts a comprehensive customer satisfaction survey to obtain feedback from its customers on a biennial cycle. The most recent survey was conducted in Fall of 2020. The results indicated that 97% of Elexicon's customers were either 'very' or 'fairly' satisfied with the company's overall performance.

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. Over the 2017 – 2019 timeframe, both predecessor organizations utilized the same market research firm that Elexicon now uses to conduct the surveys using a consistent methodology and sample size.

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	2017	2018	2019	2020	2021
Elexicon*	92%	95%	95%	97%	97%
Provincial Benchmark	76%	76%	89%	93%	93%
National Benchmark	86%	86%	91%	94%	94%
Elexicon Deviation from Provincial Benchmark	+16%	+19%	+6%	+4%	+4%

**Years 2017 through to 2019 represent blended scores for Veridian Connections and Whitby Hydro (weighted average based on customer count)*

Safety

- **Public Safety**

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

In order 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 2022. 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 the public's awareness of electrical safety through the following initiatives in 2021:

- **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's website provides video links and presentations to educate the public on: overhead powerline, underground cables and car safety.

Due to COVID-19 restrictions, Elexicon's school safety presentations were cancelled for the 2021 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 2021, Elexicon was compliant with Ontario Regulation 22/04.

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

The 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 1,000 km of line. For 2021, Elexicon's Serious Electrical Incident Index was 0.

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.

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 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 an improvement in the average hours of interruption per customer, but a slight increase in the average number of interruptions per customer in 2021.

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

Elexicon's 2021 year-end measurement on SAIDI reported a score of 1.17 (i.e., 1.17 hours of interruption on average, per customer). This result is better than the OEB target of 1.35.

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

Elexicon's 2021 year-end measurement on SAIFI reported a score of 1.12 (i.e., 1.12 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 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 2021, Elexicon reported a Distribution System Plan Implementation Progress value of 94.0% which is above target, despite the negative impact caused by restrictions and delays associated with COVID-19.

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 2021.

In 2021, Elexicon's actual total costs were below the predicted costs by 2.9%. This represents a slight decline from 2020 when actual total costs were below the predicted costs by 4.3%. The increase in costs for 2021 is primarily due to higher headcount and also in part due to higher costs for pandemic related supplies. 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 2021 operating and capital costs, as derived within the OEB efficiency assessment model, by the total number of customers Elexicon serves. In 2021, the total cost per customer was \$652 which compares favourably to the average for all distributors of \$705.

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

Cost per Customer	2021
Operating Costs	\$ 248
Capital Costs	\$ 404
	<u>\$ 652</u>

Elexicon experienced higher OM&A costs per customer in 2021, an increase of 5% due to higher headcount that filled some staff vacancies, and higher costs for pandemic related supplies.

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. Additionally, Elexicon has begun investments in system capacity to support major growth

within the Pickering Seaton communities. 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 2021 total cost per km of line was \$28,531. This is an increase of 3.4% over 2020 which was partially due to the higher material costs resulting from supply chain constraints due to the pandemic. 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

- **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 2021, Elexicon received 1 application requiring a CIA. Regulation 326/09 was revoked as of July 1, 2021, as a result, RRR reporting for Connection Impact Assessment has been eliminated.

- **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 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. In 2021, Elexicon connected 8 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 2021 was 1.46. The increase in this ratio was primarily due to an increase in cash and cash equivalents as a result of strong earnings and debt proceeds, and the timing of billing and collection activities.

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

In 2021, 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 1.18, 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 was supported by DBRS Morningstar in July 2022; it confirmed the Issuer Rating of Elexicon Corporation at "A" with a Stable trend.

- **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 in 2021 was 6.87%, which is 2.56% below the expected (deemed) level and within the +/- 3% range allowed by the OEB.

Note to Readers of 2021 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.