

Scorecard - Elexicon Energy Inc.

Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	Trend	Target		
									Industry	Distributor	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	96.40%	93.74%	95.97%	96.94%	98.57%	↑	90.00%		
		Scheduled Appointments Met On Time	99.74%	98.80%	99.96%	98.01%	99.12%	↓	90.00%		
		Telephone Calls Answered On Time	76.01%	61.89%	75.99%	76.06%	72.35%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution	88.60%	89.30%	93.00%	91.70%	88.97%				
		Billing Accuracy	99.92%	99.60%	99.75%	99.82%	99.87%	↑	98.00%		
		Customer Satisfaction Survey Results	95.00%	97.00%	97.00%	90.00%	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	84.00%	84.00%	87.00%	87.00%	89.00%				
		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	0	0	2	0	→		1
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.510	0.000	→		0.146
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.34	1.37	1.17	1.71	1.37	↑		1.35	
		Average Number of Times that Power to a Customer is Interrupted ²	1.05	1.01	1.12	1.19	0.97	↑		1.69	
	Asset Management	Distribution System Plan Implementation Progress	104.00%	76.81%	94.00%	92.48%	116.67%				
	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$648	\$630	\$652	\$704	\$794				
		Total Cost per Km of Line ³	\$28,396	\$27,593	\$28,531	\$31,028	\$34,985				
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	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)	1.04	1.29	1.46	0.33	0.83				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.91	1.07	1.18	1.33	1.46				
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.43%	9.43%	9.43%	9.43%	9.43%			
			Achieved	7.61%	6.80%	6.87%	4.86%	5.15%			

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

2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend
 up down flat
 Current year
 target met target not met

2023 Scorecard Management Discussion and Analysis (“2023 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 2023 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 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 2023 reporting year, Elexicon filed its fifth set of consolidated annual Reporting and Record Keeping Requirements (“RRR”) data with the Ontario Energy Board (“OEB”). The 2019 to 2023 results in this scorecard are based on the 2019 to 2023 RRR data as filed by Elexicon.

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 2023, Elexicon connected 98.57% 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 while abiding by all service requirements. Elexicon continues to improve the reporting and data retention practices for all service territories. In 2023 Elexicon sustained an increased volume of new connection requests from low-voltage customers with a total of 3,084 new service connection requests and exceeded the OEB service quality target of 90%.

- **Scheduled Appointments Met On Time**

In 2023, 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 99.12% for appointments met on time, exceeding the OEB's target of 90%. Elexicon recognizes the importance of such customer requests and has processes in place to achieve a consistently high level of service quality in this category.

- **Telephone Calls Answered On Time**

In 2023, Elexicon's Customer Experience Advisors promptly responded to 92,517 customer telephone inquiries. 72.35% of these calls were answered within 30 seconds, surpassing the OEB's target of 65%.

Elexicon remains steadfast in its commitment to customer centricity, consistently demonstrating its ability to respond effectively to customer telephone inquiries.

Customer Satisfaction

- **First Contact Resolution**

'First contact' resolution measurements have not yet been specifically defined for the industry. In July 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 approach involves quantifying the number of customer contacts (including telephone inquiries, written correspondences, and field interactions) related to the same topic or type of inquiry within a given calendar month. Customers who make multiple contacts within the same month for the same type of inquiry are excluded from the first contact resolution measure.

Elexicon consistently performs in this category and achieved 88.97% first contact resolution in 2023.

- **Billing Accuracy**

In 2023, Elexicon achieved a billing accuracy of 99.87% which is consistent with previous years' results. Since being introduced as a measure in October 2014, Elexicon has consistently exceeded the OEB's target of 98%.

- **Customer Satisfaction Survey Results**

Elexicon conducts a comprehensive customer satisfaction survey on a biennial basis to gather feedback from its customers. The most recent survey, conducted in fall of 2022, included 430 participants and focused on various aspects, including customer service and service quality. The survey is administered by an external market research firm and encompasses both residential and small business customers.

For OEB scorecard reporting, the key metric used is the percentage of customers who express overall satisfaction with their electricity distributor, rating it as either 'very satisfied' or 'fairly satisfied.'

Additionally, Elexicon's market research firm conducts supplementary research to establish comparable provincial and national benchmarks. Elexicon consistently achieves the provincial benchmark performance levels, as shown in the table below:

Customer Satisfaction Scores

Year	2019	2020	2021	2022	2023 ¹
Elexicon	95%*	97%	97%	90%	90%
Provincial Benchmark	89%	93%	93%	90%	90%
National Benchmark	91%	94%	94%	92%	92%
Elexicon Deviation from Provincial Benchmark	+6%	+4%	+4%		

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

¹ Survey performed biennially, 2023 results are from 2022 survey, 2021 results from 2020.

- **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 2024. 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 2023 Public Safety Awareness Index of 89%.

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 2023:

- **Student Education Programs:** Elexicon sponsors an informative and dynamic Kids Safety Village (Village) in the Durham Region and Belleville. 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 (e.g., Summer Issue: “Call Before you Dig” information, Winter Issue: “Stray Voltage”).
- **Social Media:** Safety related tweets using the 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 2023 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 1,000 km of line. For 2023, Elexicon’s Serious Electrical Incident Index was 0.

System Reliability

In 2023, Elexicon's reliability performance showed significant improvement compared to the preceding year, aligning closely with the OEB's reliability target. This improvement is attributed to the effective implementation of focused vegetation management plan, strategic capital investments and periodic asset condition assessments. Elexicon remains dedicated to maintaining the overall system reliability through its distribution automation strategy, asset maintenance and replacement programs. In addition, Elexicon strives to conduct regular analysis of its network configurations to ensure feeder and station level redundancies across its service territories.

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

Elexicon's 2023 year-end measurement on SAIDI reported a score of 1.37 (i.e., 1.37 hours of interruption on average, per customer). This is slightly above the OEB target of 1.35 hours but significantly improved compared to Elexicon's 2022 year-end SAIDI.

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

Elexicon's 2023 year-end measurement on SAIFI reported a score of 0.97 (i.e., 0.97 times power was interrupted on average, per customer). This is significantly below the OEB target of 1.69 and Elexicon's 2022 year-end SAIFI.

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 2023, Elexicon reported a Distribution System Plan Implementation Progress value of 116.67% driven by customer driven projects in the System Access investment category.

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 2023.

In 2023, Elexicon's actual total costs were below the predicted costs by 4.1%. This represents an improvement from 2022 when actual total costs were below the predicted costs by 3.6%. This was primarily due to a large number of vacancies as a result of a competitive labour market.

- **Total Cost per Customer**

This metric is calculated by dividing the total of Elexicon's 2023 operating and capital costs, as derived within the OEB efficiency assessment model, by the total number of customers Elexicon serves. In 2023, the total cost per customer was \$794 compared to \$704 in 2022.

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

Cost per Customer 2023

Operating Costs	\$ 265
Capital Costs	<u>\$ 529</u>
	\$ 794

Elexicon experienced higher OM&A costs per customer in 2023, an increase of 2.7% due to inflation and incremental business requirements (e.g., cybersecurity, higher maintenance costs).

Over the last few years capital costs have trended higher as Elexicon has focused on the renewal and modernization of its distribution Assets while also balancing a substantial volume of customer driven projects. 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 2023 total cost per km of line was \$34,985. This is an increase of 12.7% over 2022 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 due to the OEB model using gross capital costs to calculate total costs.

Third-party capital costs, such as roadwork construction, which do not necessarily add to the size of the system, are also beyond Elexicon's control and are significantly funded by third-parties.

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 required connection information, Elexicon would install and connect the meter within five 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 2023. Elexicon connected 56 micro-embedded generation facilities all of which were connected within the prescribed timeframe 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 increased from 0.33 in 2022 to 0.83 in 2023, primarily due to reclassification of short-term borrowings to long-term borrowings. In 2023, external debt was converted to long-term swap loans.

- **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 1.33 in 2022 to 1.46 in 2023 primarily due to an increase in debt in order to finance capital investment in the distribution system. Elexicon's ratio is slightly below the deemed ratio and is a good financial indicator that it has debt capacity to operate its business and complete its capital programs. Elexicon's strong financial position is further supported by the most 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 2023 was 5.15%, which is 4.28% below the deemed ROE of 9.43%. Elexicon has completed the under-earnings drivers and notes that major drivers resulting in the lower achieved ROE include the cumulative impact of external factors such as inflation, especially in materials costs, a competitive labour market, increasing insurance costs, the shift to cloud related services, increased requirements related to cyber security, as well as capital demands due to growth in Elexicon's territory. The increased capital work program has resulted in downstream OM&A costs related to procurement, operations, maintenance, work management, in addition to internal process review and enhancement to enable successful execution of growing programs.

Note to Readers of 2023 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.