



Energizing Growth: Our 2027-2031 Investment Plan

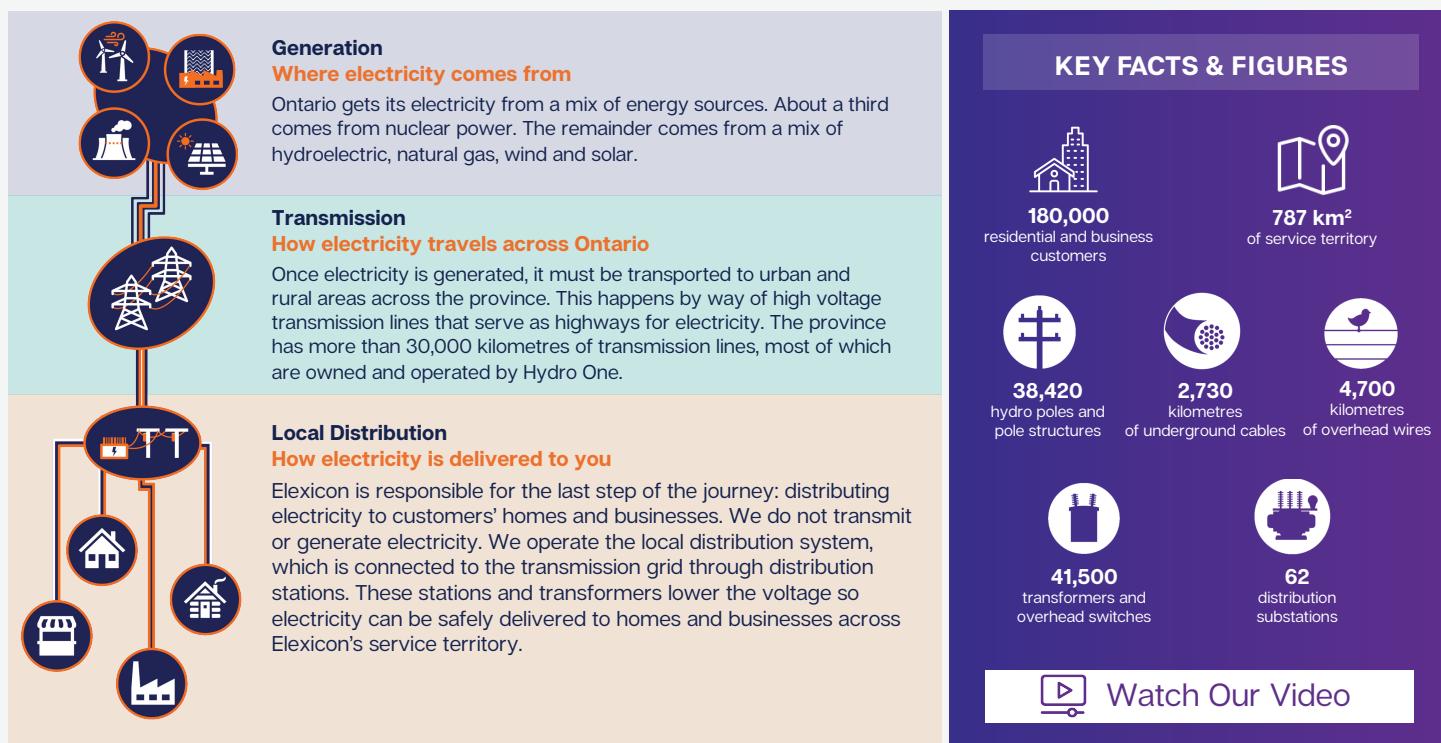
Since 2019, Elexicon Energy has been the electricity distributor to ten communities located across east central Ontario. We own and operate the poles, wires, and equipment that powers more than 180,000 residential and business customers. But significant investments are needed in a number of areas to meet our customers and communities' needs and expectations, and the changing energy landscape.

PREPARING OUR FIVE-YEAR PLAN

Elexicon serves some of Canada's fastest growing communities. Our 2027-2031 investment plan outlines how we will expand system capacity to meet the needs of our customers and communities, replace aging infrastructure, strengthen grid resilience, adapt to evolving customer expectations and manage rising costs. The plan reflects what we heard from our customers.

OUR ROLE IN THE ELECTRICITY SYSTEM

Ontario's electricity system is owned and operated by public, private and municipal corporations across the province. It is made up of three key components: generation, transmission and distribution (shown below). Your monthly bill statements from Elexicon consist of three main categories: your Electricity charges, Delivery charges and Regulatory charges. Elexicon's portion of the bill accounts for approximately 25 per cent. The remaining goes to transmitters and regulatory bodies.



WHY WE NEED TO INVEST

Costs of supplies have increased, with some items more than doubling in price over the past few years. While Elexicon has taken steps to find synergies in its operations to mitigate the impact of rising costs, there is still a requirement for more investment to fulfill equipment needs.



Aging Equipment

Defective equipment is the leading cause of outages and affects their duration negatively. Nearly 21 per cent of our assets have exceeded their expected service life, and without action, that number will climb to 28 per cent by 2031.



Growth

Elexicon serves some of Canada's fastest growing communities. Increasing populations, economic development and the adoption of new technologies, such as electric vehicles and heat pumps, are putting even greater pressure on the grid.



Rising Costs

Costs of supplies have increased, with some items more than doubling in price over the past few years.



Major Weather Events

More frequent and intense weather events have put a strain on our system, which requires upgrades to increase resilience.

HOW CUSTOMER FEEDBACK SHAPED OUR PLAN

Engaging with our customers was an essential part of our investment planning and rate application process. Before we prepared our plan, we asked our customers for their input and feedback about their needs and priorities for electricity services

Customer Engagement Process

1. Engaged with customers to identify key priority areas using focus groups and surveys.
2. Developed an investment plan based on customer priorities.
3. Surveyed customers to collect their feedback on the draft plan.
4. Incorporated customer feedback into the final version of the plan.
5. Submitted the plan to the Ontario Energy Board.

Customer Feedback

The feedback from customers focused around these five key areas:

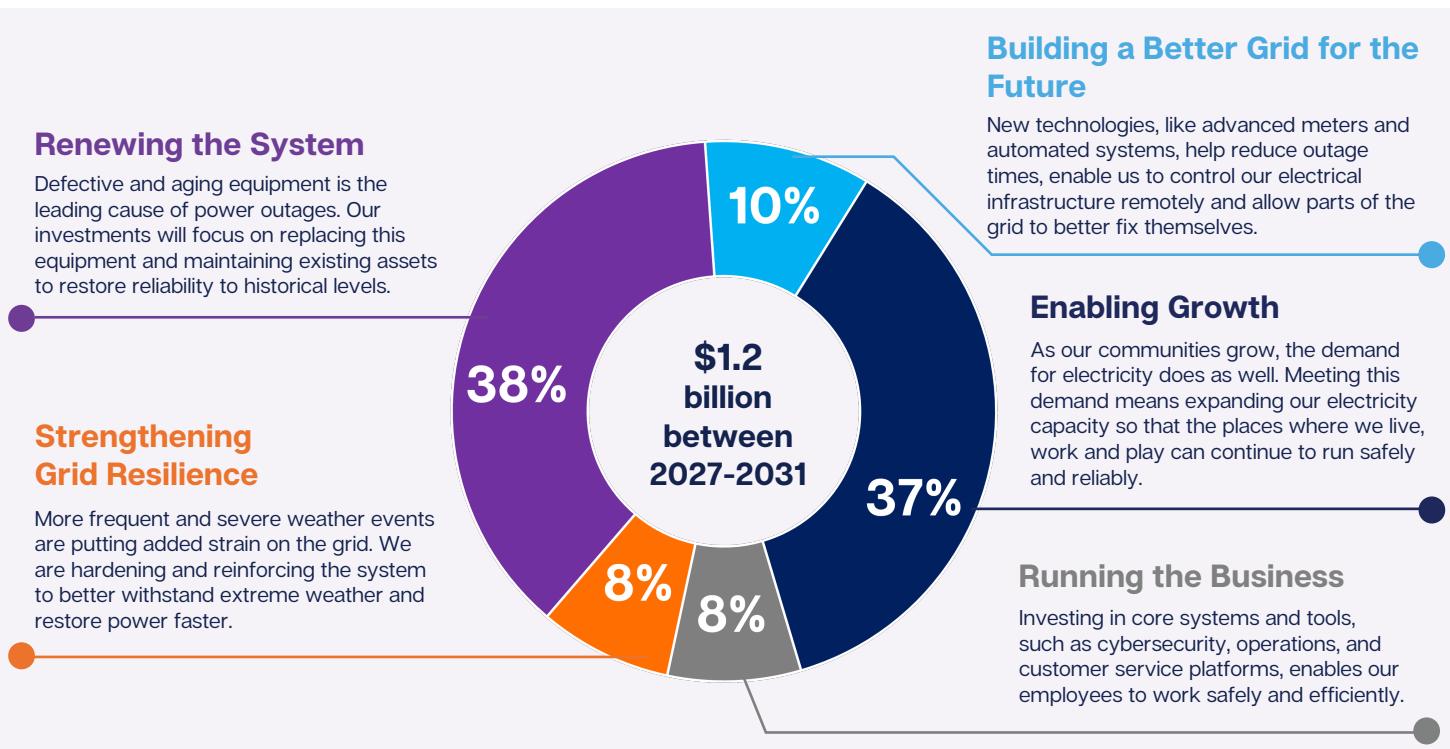
1. Renewing the System
2. Building a Better Grid for the Future
3. Strengthening Grid Resilience
4. Running the Business
5. Enabling Growth

79%

of respondents supported the draft investment plan. Elexicon engaged with more than 14,000 of its customers during the planning process.

OUR KEY PRIORITIES

Our investment plan has been developed to address existing challenges and emerging obstacles head on, while continuing to deliver safety and reliable electricity at a reasonable cost. The plan focuses on these five key priorities:



RATE IMPACTS

To fund our proposed investment plan, we must first seek the approval of our regulator – the Ontario Energy Board (OEB) for 2027-2031 distribution rates and charges (Elexicon's portion of the bill). The OEB and various consumer groups will review and test our plan in a rigorous and transparent public process known as a rate application.

Under our proposed plan, a typical residential customer who uses 750 kilowatt-hours per month would see a bill increase of approximately \$4.28 a year, from 2027 to 2031.

Elexicon's total bill impacts reflect a balanced approach to the pacing of funding required to address current challenges. Elexicon is also proposing to harmonize rates in 2027 across its rate zones so that similar customers across our service territory will pay the same charges for the service they receive. Historically, Elexicon has operated two separate rate zones (the Veridian Rate Zone and the Whitby Rate Zone).

Veridian Rate Zone	2027		2028		2029		2030		2031		Average
	\$	%	\$	%	\$	%	\$	%	\$	%	
Residential	4.20	2.9	5.60	3.8	3.58	2.3	3.30	2.1	4.72	2.9	4.28
Seasonal Residential	6.88	4.2	11.33	6.6	7.61	4.2	7.36	3.9	10.25	5.2	8.68
GS < 50	6.22	1.7	12.92	3.5	9.01	2.4	8.56	2.2	11.41	2.9	9.62
Whitby Rate Zone	2027		2028		2029		2030		2031		Average
	\$	%	\$	%	\$	%	\$	%	\$	%	
Residential	2.50	1.7	5.60	3.8	3.58	2.3	3.30	2.1	4.72	2.9	3.94
GS < 50	-2.61	-0.7	12.92	3.5	9.01	2.4	8.56	2.2	11.41	2.9	7.86

OUR COMMITMENT TO YOU

To ensure we are held accountable to deliver on the outcomes our customers value and need, Elexicon will implement a relevant and detailed set of measures to help establish a baseline of performance and ensure investments deliver the appropriate results for customers.

We recognize the scale of the proposed investments is significant relative to the historical period, and the plan must be accompanied by explicit commitments of performance and service levels commensurate with the funding required.

We're keeping you informed! To learn more about Elexicon's 5-year rate application and investments in your neighbourhood please visit these links on our website:

1. Our 2027–2031 Investment Plan | Elexiconenergy.com/investmentplan
2. Regulatory | Elexiconenergy.com/regulatory

