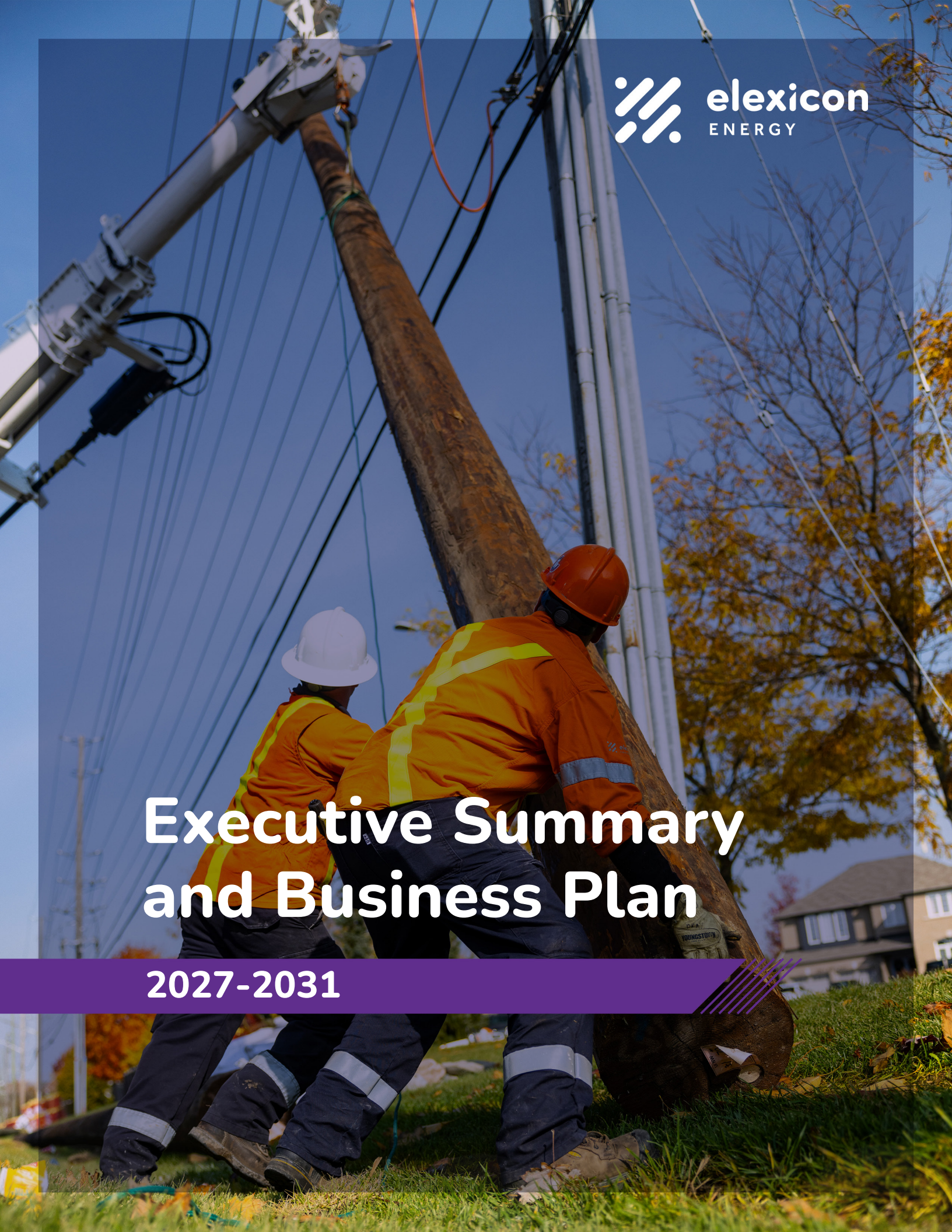


elexicon ENERGY

Executive Summary and Business Plan

2027-2031

EXECUTIVE SUMMARY AND INVESTMENT PLAN OVERVIEW

1. INTRODUCTION TO ELEXICON'S 2027-2031 BUSINESS PLAN

Elexicon Energy ("Elexicon") is pleased to present its 2027-2031 Business Plan ("Plan"), which contains approximately $1.2B in priority investments that are urgently needed between 2027 and 2031 for Elexicon to continue to deliver safe and reliable electricity service to its more than 180,000 customers and keep up with demand in the some of the fastest growing communities in Ontario.

In addition to the fundamental sector-wide change in electricity demand as a result of overall economic growth and electrification, Elexicon's historical customer and load growth has already been 75% higher the provincial historical average and is expected to only further accelerate. Over 2027-2031, Elexicon is projected to be the fastest growing large utility in the province. This demand is driven by residential expansion, new commercial/industrial and manufacturing development, major infrastructure projects, as well as the emergence of data centres. Much of the capacity available in Elexicon's system has been fully utilized, and Elexicon needs to make investments now to ensure its grid and operations can serve these significant customer and load growth requirements, while also addressing other major challenges, including: aging and deteriorating infrastructure (driving declining reliability performance), the rise of cyber threats, changing customer behaviours around electricity use (e.g. electric vehicles and heat pumps), more frequent and severe weather events, and macroeconomic conditions. The impact of Elexicon's aging and poor condition assets is driving unacceptable reliability performance that will worsen without investment. Over the past five years, Elexicon has seen an increase in both the total number of customer interruptions and the total number of customer hours of interruption per year (excluding major event days, or "MEDs," related to weather). Defective equipment is the largest contributor to customer hours of interruption ("CHI"),[1] and CHI due to defective equipment and has more than doubled between 2020 and 2024. Elexicon has also experienced significant storms which damage equipment and underscore the need to increase investment in ensure the grid is resilient for the future.

Customers have told Elexicon that they expect the utility to make the necessary investments to tackle these priorities, while also maintaining reasonable electricity prices and ensuring service quality

[1] Excluding MED and Loss of Supply (i.e. upstream power on the transmission system).

outcomes. Elexicon's Plan is responsive to what customers have told the utility they expect, setting out the minimum level of investment needed to ensure both grid reliability and resiliency as well as ensure that the grid can meet current and future electricity demand. To deliver on these priorities, Elexicon must invest both directly in the grid as well as in its operational foundations – workforce, technology, and processes – needed to effectively and efficiently deliver safe, reliable, resilient electricity and serve its customers in alignment with their expectations and priorities. Elexicon's investment needs have already required the utility to steadily invest at levels above what's funded in rates, which customers are receiving the benefit of.

Elexicon asked for input broadly from its customers, and received feedback from nearly 14,000 customers. This customer feedback was used by Elexicon's planning and operating experts to identify programs and projects necessary for customer-driven outcomes. This iterative process resulted in a plan that customers agreed balances priorities with costs, receiving **79% customer support**.

Elexicon's plan focuses on five investment priorities aligned with customer feedback: renew aging infrastructure, build a future-ready grid, enable growth, strengthen grid resilience, and ensure the continued operation of core business systems. This plan was designed to strike the right balance between reasonable prices and the urgent need to invest in order to restore reliability performance, address capacity constraints, and enable growth. Elexicon achieved this balance by deferring and spreading out certain investments to mitigate costs for customers. For example, Elexicon's Plan defers select maintenance and capital spending until 2028 and paces out a portion of its hiring activities across 2028 to 2030. Elexicon is also proposing to recover the costs of its information technology system[2] over ten years to reduce bill impacts in 2027. Elexicon has also integrated other cost mitigation actions into its plan and has aligned its rate framework[3] with these actions.

[2] Elexicon is implementing its first Enterprise Resource Platform (a cloud-based, SAP solution), referred to at the "Dx NEXT project". This implementation commenced in 2025 and will finish in 2027/Q1 2028.
[3] As a utility with significant capital needs, customer and load growth, Elexicon is proposing a "custom" rate framework which results in annual rate adjustments that take into account not only inflation and productivity, but also the varying capital and operational costs needed to deliver its plan. See Exhibit 1 - Tab 5 - Schedule 1.

This rebasing application sets Elexicon's rates (i.e. what customers pay) to provide the revenue needed for the utility to serve its customers safely and reliably both now and into the future.[4] For over a decade, Elexicon's rates have been adjusted at less than inflation,[5] with adjustments for a small handful of discrete projects.[6] Over the last six years, Elexicon has experienced a high pace of customer and load growth its service area, sharp increases in costs for grid assets (i.e. materials, equipment specific to the sector), and increased need to invest in order to repair and replace equipment due to failures and severe weather damage. Elexicon has also experienced weather events which have driven the need to replace damaged infrastructure. This has required Elexicon to self-fund investments above what's funded in rates to ensure it could connect customers and address emerging issues that disrupt power to customers. While this approach has been necessary to meet immediate needs, it is not sustainable, both in terms of the level of investment required in the near-term to connect and serve customers while maintaining reliable power, but also in order for Elexicon to be financially viable.

To ensure Elexicon is accountable to customers and stakeholders, the utility intends to transparently track and report its performance across 32 performance measures annually through a combination of its proposed custom scorecard as well as the OEB's distributor scorecard metrics.

2. OVERVIEW OF ELEXICON

Elexicon was formed in 2019 through the merger of Whitby Hydro and Veridian Connections. Elexicon successfully achieved $34.2M in synergy savings since merger, and $5.2M in annual synergy savings through the integration of the predecessor utilities.

As the fourth largest municipally owned electricity distributor in Ontario, Elexicon proudly provides safe and reliable electricity to more than 180,000 residential and business customers in ten

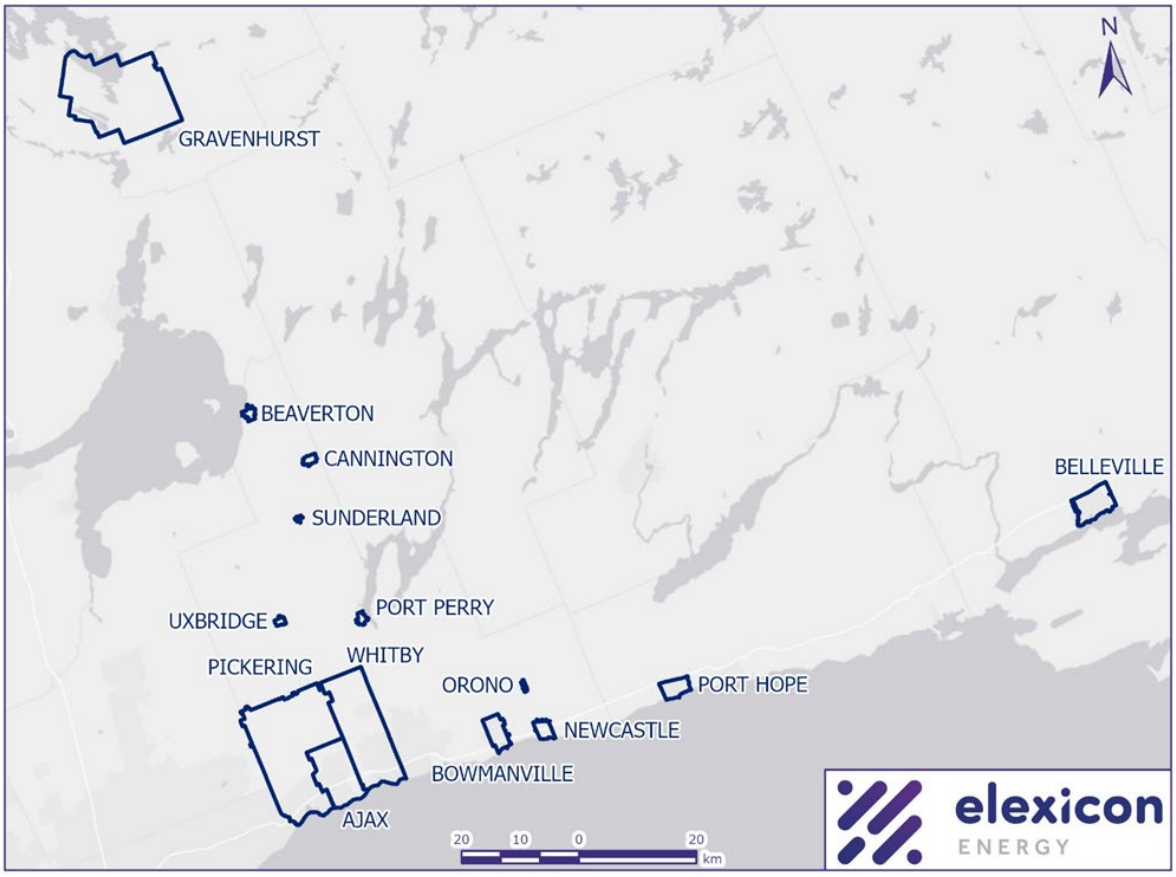
[4] 'Rebasing' rates or 'resetting rates' is the process utilities must go through to align their revenue (e.g. rates) with a bottom-up forecast of its costs. For most utilities in Ontario, this process typically occurs every 5 years.

[5] Elexicon was formed in 2019 through the merger of Whitby Hydro and Veridian Connections and committed to deferring the resetting of rates for ten years. Prior to merger, Whitby Hydro last reset rates in 2010 and Veridian Connections last reset rates in 2014.

[6] Elexicon received incremental capital funding for a transformer station called 'Seaton' and a non-discretionary plant relocation project in 2022 (see EB-2021-0015) as well as some funding for its grid modernization investments in 2023 (see EB-2022-0024). Elexicon also requested funding for a significant capacity project in Belleville, and the urgent rebuilding of a substation in Pickering for its 2026 rates (EB-2025-0046).

municipalities across Central and Eastern Ontario including Durham Region as well as Belleville, Gravenhurst and Port Hope. Elexicon's distribution system is comprised of 58 stations, more than 2,500 KM of underground cables, more than 4,500 KM of overhead lines, connecting more than 36,000 poles and 21,000 transformers. Customers are supported by more than 300 employees with more than half living in the communities served.

The service territory is non-contiguous and encompasses a mix of urban, suburban, and rural areas, each with distinct infrastructure needs and operating challenges.



To the north, Elexicon serves Gravenhurst, including its island communities which are mostly comprised of seasonal customers. These remote areas have dense tree coverage and are more vulnerable to wind, ice, and vegetation-related outages, which increase the cost and complexity of maintaining reliable service.

Further south, Elexicon serves the rapidly growing municipalities within the core of Durham Region (Ajax, Pickering, Whitby), where urban density and development pressures drive the need for capacity expansion, system upgrades, and coordination with municipal infrastructure projects.

To the east, Elexicon's Belleville operations support a mix of residential, commercial, and industrial customers, including a growing manufacturing base that requires high service reliability and additional electrical capacity to accommodate expansion.

This non-contiguous, mixed service area creates operational and planning challenges. The combination of weather-vulnerable rural networks and fast-growing urban centres requires Elexicon to balance different investment priorities and system configurations.

For more information about Elexicon's service territory, see Exhibit 2B - Tab 1 - Schedule 1.

3. BUSINESS CONTEXT

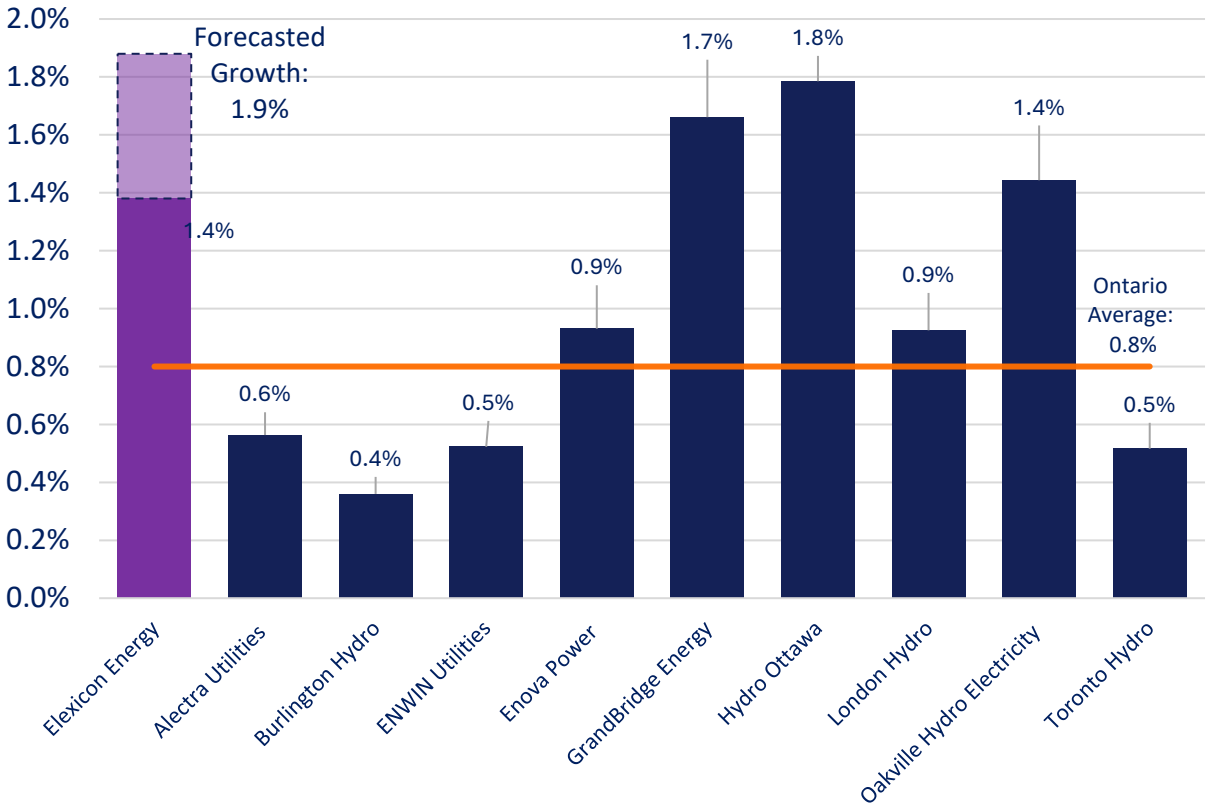
The environment in which Elexicon operates is undergoing significant and rapid change. At the time of the merger in 2019, Elexicon was anticipating relatively stable levels of infrastructure investment for the coming decade. Since then, Elexicon has experienced accelerated growth in its service territories driven by economic and policy factors while, simultaneously, Elexicon's assets are aging and deteriorating. The increasing impact of severe weather adds to reactive costs. Elexicon is also contending with cyber threats in addition to unprecedented inflation. All of these factors, as described further below, drive the need for investment to ensure Elexicon can deliver on outcomes that customers need and value.

3.1 Customer and Community Growth:

Elexicon Energy's serves a diverse mix of urban, suburban, and rural communities, each with distinct patterns of development and demand. Across these areas, the pace of population and economic expansion has exceeded the average levels of growth across Ontario.

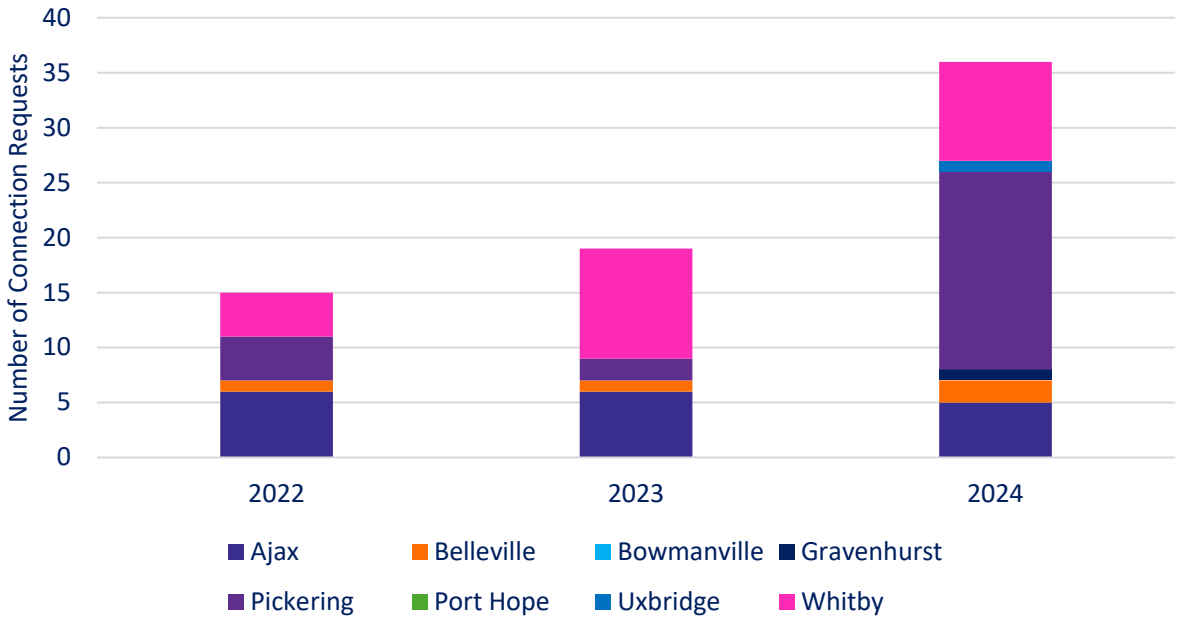
As illustrated in Figure 1, the customer growth rate in Ontario was 0.8% from 2020 to 2024. Over that same period, Elexicon's customer growth rate was approximately 1.4%; 75% higher than the provincial rate. Elexicon is forecasting its customer growth to accelerate to 1.9% per year making Elexicon the fastest growing of Ontario's large distributors.

Figure 1: Customer Growth: Elexicon, Similar-sized Distributors and Provincial Average (2020 to 2024)



This growth is reflected in the number of and size connections requests received by Elexicon. Between 2022 and 2024, Elexicon's connection requests over 1MW increased nearly 150% and more notably the total load requirements (capacity needed for connections) increased by nearly 500%. At the same time, 76% of Elexicon's municipal substations do not have enough available capacity to connect a customer over 1MW.

Figure 2: Number of Connection Requests >1MW – 2022 to 2024 by region



The acceleration of growth in Elexicon's service territory is driven by the unprecedented growth occurring across the communities Elexicon serves. For example, Durham Region, which accounts for approximately 82% of Elexicon's customer base, is projected to double its population to approximately 1.3 million over the next 25 years.[7] In North Whitby and North Pickering, the local municipalities have plans for new communities with over 30,000 homes in 'greenfield' areas which have no or limited infrastructure to serve them, nor capacity to connect future load growth. To address the lack of capacity available and prepare for this growth, Elexicon is planning to invest in a new transformer station in Durham which will be ready by 2031 alleviating both existing capacity constraints and ensuring that capacity is available to serve these future communities.

Elexicon's customer and load growth is not exclusively residential. Economic development features prominently in Elexicon's service territory. In Pickering alone, the Innovation Corridor along Highway 7 is made up of approximately 800 acres of employment land that is being developed for commercial

[7] https://www.durham.ca/en/living-here/planning-for-growth.aspx

and industrial customers. Similarly, the City of Belleville is experiencing rapid growth, with an expanding industrial and manufacturing sector requiring additional electrical capacity and infrastructure to support continued economic activity.

For more information about Elexicon's customer and community growth, see Exhibit 2B - Tab 1 - Schedule 1, and Exhibit 2B - Tab 4 - Schedule 3, Appendix I.

3.2 Electrification and Changing Customer Preferences

Elexicon must be able to reliably serve customers as demand related to electrification escalates. Recent data indicates customers are adopting new technologies, such as EVs and heat pumps, adding to existing load demands. As of 2024, Elexicon accounts for 2.4% of the total EVs in Ontario. EV adoption in Elexicon's service territory is up 595% since 2020, outpacing Ontario's total adoption of 467%.

Customers are also installing more distributed energy resources (DERs). These are devices such as solar panels and battery storage which both provide economic and sustainability benefits to customers and are also capable of injecting power back into the energy system. Table 1, below, shows the acceleration in generation connection requests over the last five years.

Table 1: DER Connections from 2020 to 2024 by Type of Device

Generation Type[8]	2020	2021	2022	2023	2024	Total # Units	Total Capacity (kW)
BESS	1	4	1	1	0	7	20,483
CHP	0	2	0	0	0	2	2,095
PV	1	3	2	1	3	10	2,498
Sync Gen	1	0	0	0	0	1	800
Roof top Solar	5	9	13	57	46	130	1,081
Total	**8**	**18**	**17**	**58**	**49**	**150**	**26,957**

Elexicon must invest in traditional infrastructure such as stations and feeders, as well as in digital technologies (Operational Technology like SCADA[9], and SCADA-enabled field devices) to manage the grid and ensure sufficient capacity is available to accommodate the increasing adoption of customer generation and storage.

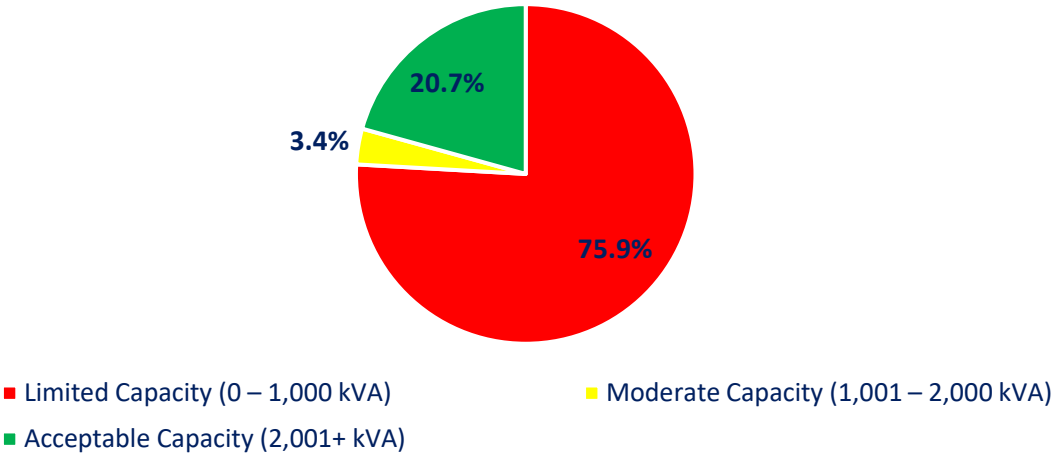
[8] Battery Energy Storage System (BESS). Combined Heat and Power (CHP). Photovoltaic (PV).
[9] SCADA stands for Supervisory Control and Data Acquisition it's a type of control system for the electricity grid that allows operators to monitor, analyze, and control the grid from a central location.

3.3 System Needs

3.3.1 Need to invest in capacity to address constraints and prepare for growth

The sustained community growth discussed in detail at section 2.1, above, has resulted in widespread utilization of Elexicon's available capacity leaving capacity constraints throughout the system. Figure 3 shows the available capacity across Elexicon's 58 stations[10] - 76% of Elexicon's existing stations have less than 1MW of available capacity.

Figure 3: Current available capacity at Elexicon-owned stations (2025)



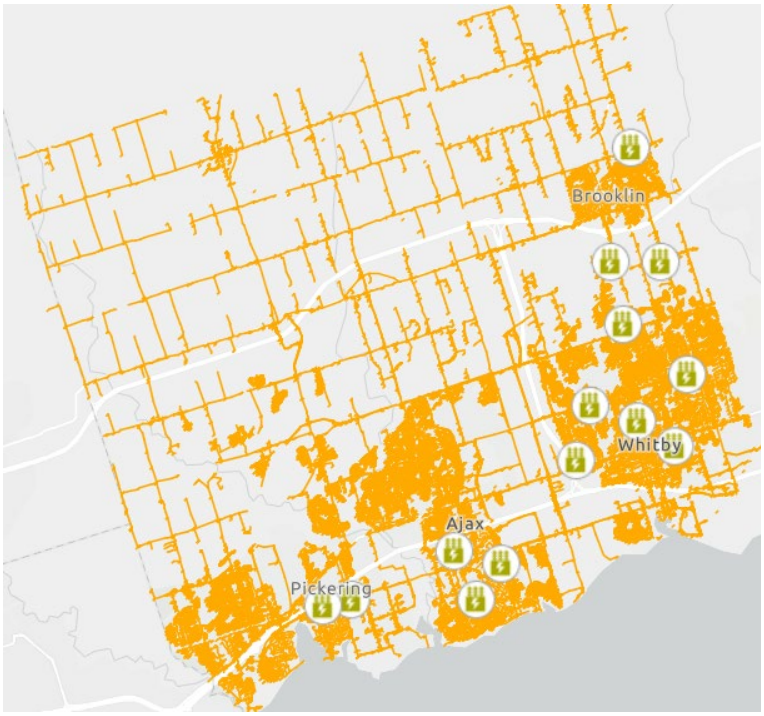
This limited capacity is insufficient to connect or power a commercial/industrial customer nor a significant housing development. If not addressed through investment, these constraints will prevent further housing and economic development from proceeding within Elexicon's service territory. Without targeted investment in new infrastructure, such as substations, feeders, and system automation, Elexicon will be unable to connect new customers in a timely manner or sustain reliability for those already served. These significant capacity constraints exist across Elexicon's system. In north Pickering, for example, current loading shows that all feeders are operating at approximately 80% of capacity, with less than 500 kVA of available capacity remaining per feeder. This leaves minimal capacity to serve new subdivisions or commercial projects. This limitation is exacerbated by legacy

[10] There are 62 stations connected to Elexicon's grid, 4 of which are customer owned.

voltage levels in some parts of Elexicon's system which limit the size of customer that can be connected.[11]

Elexicon's latest capacity map, Figure 4, below, shows the extent of system constraints in the Durham region. The orange lines and sections represent feeders with less than 500kW of capacity, and the yellow station icons denote stations with less than 1000kW of capacity. The prevalence of orange across the map provides a visual representation of scale of capacity limitations across Elexicon's system in the Durham region where its load growth needs are most urgent.

Figure 4: Elexicon's Capacity Map – Whiby, Ajax, Pickering and Brooklin[12]



For more information about an Elexicon's need to invest in capacity, see Exhibit 2B - Tab 1 - Schedule 1, section 2.2.

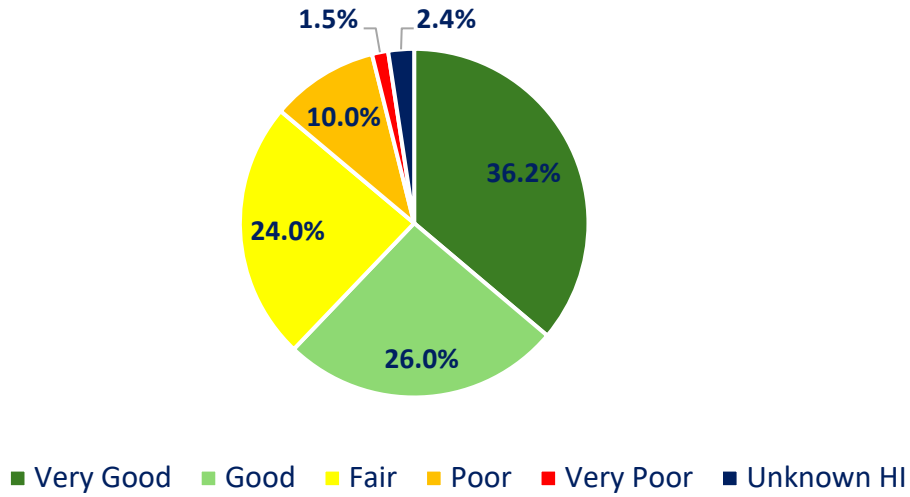
[11] The limitation is exacerbated by the maximum transformer size (500 kVA) that is used on the parts of Elexicon's system with a voltage level of 8.32 kV, which offers substantially lower capacity than compared to more common voltage levels, such as 27.6kV. The 27.6kV system uses a transformer size of 3,000 kVA. These limitations restrict the ability to connect larger customers and developments.
12 Elexicon Energy, Distribution System Capacity Map, September 15, 2025, accessed online at https://elexiconenergy.com/contractors-developers/resources/distribution-system-capacity-map#.

3.3.2 Need to Invest in replacing deteriorating assets

Elexicon plan includes investments to replace deteriorating assets that pose the highest risk of failure. In developing its plan Elexicon proposed varying levels of investment to customers and the trade-offs and risks of those scenarios. The final plan was informed by customer preference for a balanced scenario that prevents further performance degradation but does not fundamentally improve asset demographics. The proposed timing and level of investment, and the types of assets targeted for investment will mitigate the severest risks. This pacing in system renewal, coupled with system service investments such as grid modernization, will help to improve system reliability and resiliency.

Current State of Elexicon's Assets: The distribution system is aging, and the condition of many of its core assets requires significant investment. Approximately 35% of Elexicon's assets are in very poor, poor or fair condition and will require replacement in the next 10 years, as shown in Figure 5 below.

Figure 5: Current Asset Demographics by Condition (2025)



These demographics signal imminent risk to reliability performance. Without immediate investment such risks will worsen. Customers are already experiencing the negative effects of poor condition assets as the number and length of customer interruptions due to failed equipment continues to rise. This is reflected in Elexicon's current reliability indicators that show the average length of outages

(SAIDI, shown in Figure 6) and average number of outages (SAIFI, shown in Figure 7) has been increasing since 2020 and are forecast to continue that trend in 2025 and 2026. [13]

Figure 6: Elexicon's SAIDI (2020 to 2026)

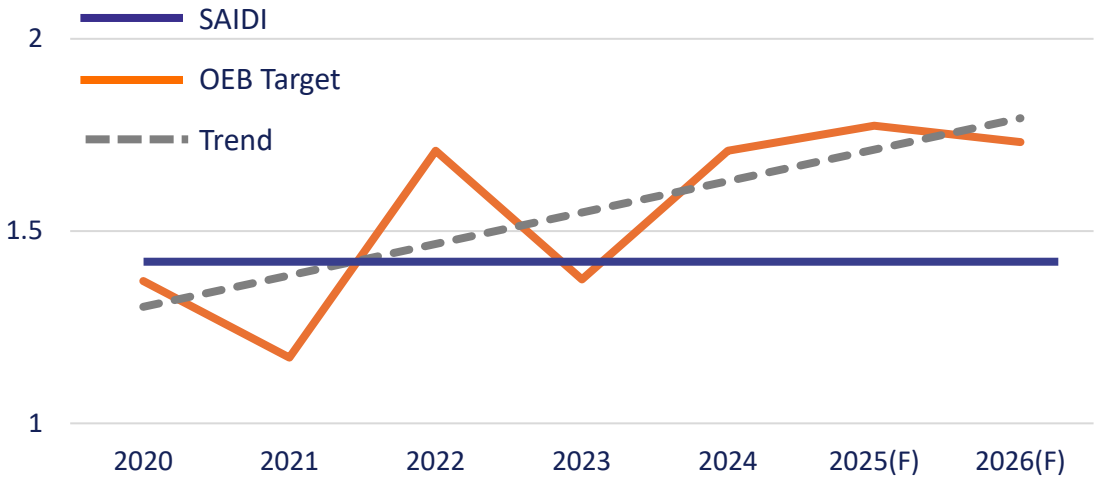
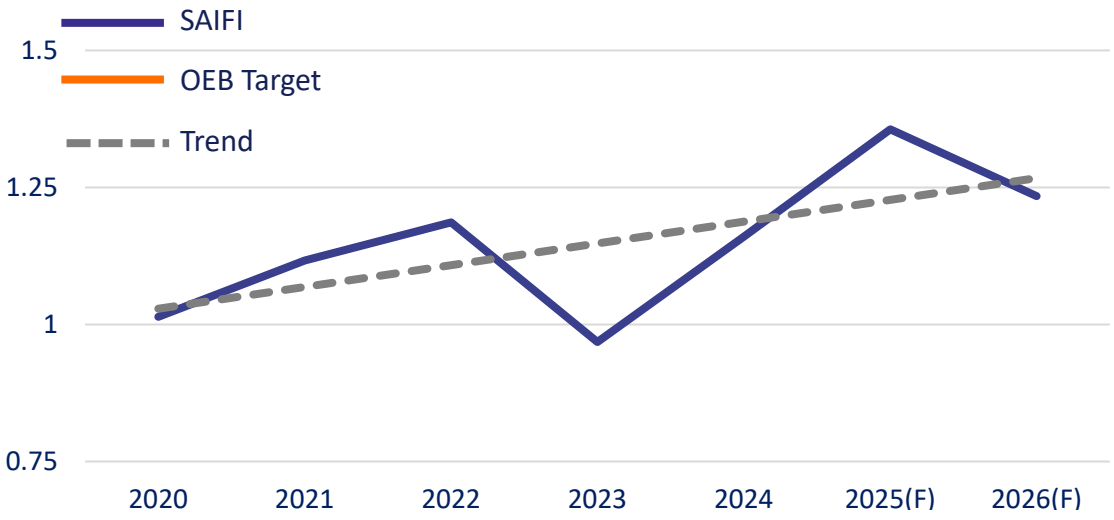


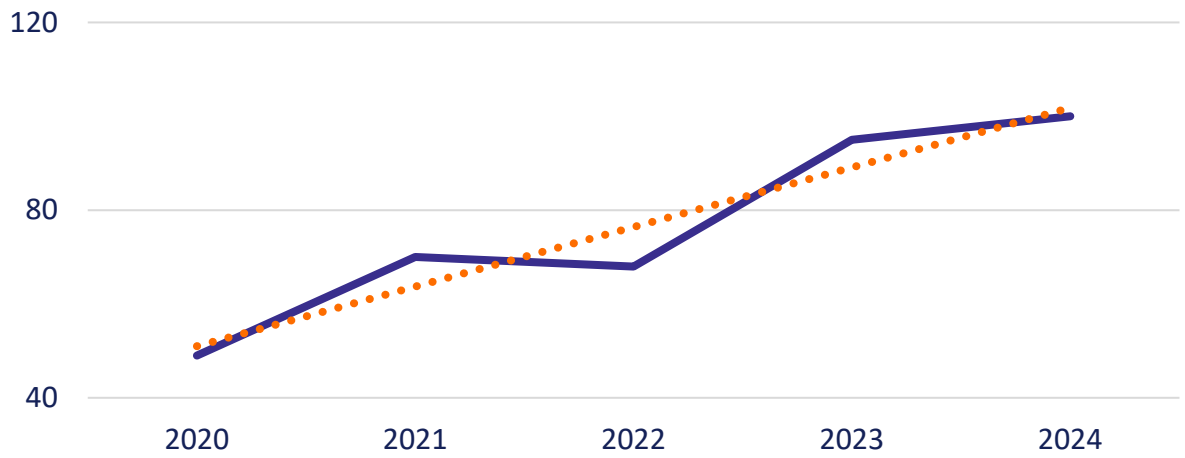
Figure 7: Elexicon's SAIFI (2020 to 2026)



[13] System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI), which respectively, track the length and number of outages.

As illustrated by Figure 8 below, equipment failures are a growing contributor to Elexicon's declining reliability performance. The number of customer hours interrupted from defective equipment has more than doubled from 2020 to 2024.

Figure 8: Customer Hours Interrupted by Defective Equipment (2020 to 2024)



Elexicon's asset data indicates that its biggest areas of equipment failure reside in its underground system assets, particularly underground cables (of which 43% are in poor or very poor condition), its stations assets, and its overhead assets (e.g. poles, transformers, conductors, etc.).

Elexicon's Plan for Addressing Declining Performance: To keep the costs of addressing degrading reliability manageable for customers, Elexicon's renewal spending must be highly targeted and carefully paced.

Elexicon's renewal program requires balancing spending with the equipment failure risk posed by assets in poor and very poor condition. Elexicon's renewal program will not reduce the proportion of assets in poor and very poor condition as this would require a level of investment that results in untenable bill impacts. Rather, it will direct spending to those assets which are most likely to fail and result in outages for customers. Elexicon's balanced approach to restoring reliability also depends on making investments in Grid Enhancements and Operational Technology (collectively, "grid

modernization") to meaningfully address degrading performance. This is accomplished by increasing the number of grid-connected devices so that faults can be addressed remotely, and devices can better signal the location of faults to the control centre for more efficient deployment of crews responding to trouble calls.

Absent sufficient investment in renewal, Elexicon expects both the frequency and duration of outages will worsen until a sustainable level of renewal investment and related grid modernization investment is made. Elexicon's Plan prioritizes renewal of the most critical and highest-risk assets, replacing those that pose the greatest safety and reliability risks in the event of failure.

For more information about an Elexicon's need to invest in grid renewal, see Exhibit 2B - Tab 4 - Schedule 3, Appendices E through H.

3.3.3 Need to invest in modern grid infrastructure

Elexicon's Plan includes both investments in upgrading legacy equipment (associated with lower voltage levels), as well as installing more grid-connected devices across its system to improve visibility and automation in the service of better system reliability. These investments both address reliability performance today, as well as build a foundation on which more advanced grid control and automation can be built in the future when DER penetration increases and the need for high degree of automation and visibility is critical to operate the grid.

Grid Modernization: Elexicon is planning to address reliability and improve grid functionality through grid modernization which broadly entails the use of devices attached to grid assets that can remotely communicate with Elexicon's system control centre. Grid modernization technologies provide Elexicon with the ability to remotely address outages (i.e. no need to deploy trucks/crews) if the asset is in working condition, but a fault was detected, triggering a switch.

Elexicon's grid modernization plan focuses on investments that deliver value for customers today by unlocking capabilities to remotely control field devices, detect and address incidents remotely. Such investments also help it prepare for the future as it will be able to assess the impact of connected

generation and consumption as it prepares for a greater proportion of customer-side generation and storage equipment. Without foundational operational technology, and connected field devices, Elexicon risks being unable to leverage such technologies to address current challenges.

Through incremental capital funding,[14] Elexicon was able to begin to implement grid modernization technology investments such as a SCADA (supervisory control and data acquisition) and ADMS (advanced distribution management system) which are foundational operational technologies needed to operate the grid more efficiently. However, urgent system access and reactive spending have resulted in limited funding for necessary grid modernization investments. Less than one-third of Elexicon's feeders have switches that are SCADA-enabled. Elexicon needs to deploy more SCADA-enabled field devices to acquire the grid visibility and automation capabilities to cost-effectively improve reliability performance and restore power faster.

Voltage Conversion for Reliability and Growth: Elexicon is also contending with legacy voltage levels in parts of its service territory. Some regions of the system still operate at voltages of 4.16 kV and 8.32 kV. These legacy systems are functionally obsolete and cannot accommodate larger customer connections or support modern system standards. As a result, they represent a barrier to growth. Through voltage conversion projects, these systems can be upgraded and standardized to more common voltage levels (e.g., 13.8 kV and 27.6 kV systems), allowing larger customers to be served, and improving compatibility with new infrastructure. Legacy system configurations also impact Elexicon's reliability performance. In Pickering, customers supplied by the 8.32 kV feeders experience significantly higher outage durations (7.26 hours) compared to those on the 27.6 kV system (1.16 hours). These longer outages reflect limited capacity and redundancy, which restrict fault isolation, load transfer, and efficient restoration.

For more information about Elexicon's need to invest in modern grid infrastructure and voltage and system conversion see Exhibit 2B - Tab 3 - Schedule 3, Appendix A, and Exhibit 2B - Tab 4 - Schedule 3, Appendix K.

[14] Referred to as the "Whitby Smart Grid" project, partially approved in EB-2022-0024.

3.3.4 Need to invest in technology and security

Mitigating Cyber Security Risks: Elexicon's information technology applications and data management systems cannot keep pace with current security requirements, nor do they enable efficient and productive operations. The digital infrastructure needed for daily operations has become increasingly complex, especially as software requirements are migrating to cloud-based solutions and cyber security threats are rising in frequency and severity. Over the past five years Elexicon has experienced an increase in the level of activity as well as the nature of cyber attacks.[15] More passive internal approaches such as phishing campaigns are not enough to protect sensitive customer and operational data as well as to ensure the continuity of operations, and Elexicon must prepare for more targeted, personalized approaches using AI.[16] These evolving threats require dedicated investments in robust cloud management platforms as well as sophisticated tools and a sufficient level of internal expertise to protect Elexicon's operations and sensitive customer information.

Elexicon has a suite of unintegrated applications and systems that individually served their purpose during their time, but most are either no longer supported, or unable to be integrated with other systems, posing the need for manual processes and data integrity issues. Some of these applications are ineligible for vendor support, pose security risks, and pose prohibitive operational inefficiencies in procurement, inventory management, financial reporting and analysis, accounting transactions, month-end and year-end statement reporting, billing, work management, and asset data analytics. Elexicon has managed this disparity with manual processes and limited data visibility, but these compromises inhibit the scalability of operations, impair efficiency, and are subject to human error. As Elexicon's operations have grown in size and complexity, these operational limitations quickly became untenable, necessitating urgent investment in modern tools to address cyber security risks and support growing capital and maintenance work programs.

[15] National trends reinforce this shift: the Canadian Centre for Cyber Security ("CCCS") has reported a 26% average increase year-over-year in ransomware incidents since 2021, with attackers increasingly moving from traditional encryption-based methods to data-theft and extortion tactics aimed at sensitive customer information. CCCS, National Cyber Threat Assessment 2025 – 2026. https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2025-2026#fn56-rf.

[16] Threat actors are increasingly employing sophisticated methods to steal login information, including techniques that allow them to intercept and reuse session tokens to circumvent multi-factor authentication. As a result, attackers can more easily impersonate legitimate users and bypass many of the safeguards organizations have traditionally relied upon.

To this end, Elexicon's Plan includes the Dx NEXT project, which is Elexicon's shift to an industry standard, cloud-based Customer Information System ("CIS") and Enterprise Resource Planning ("ERP") solution that will enable Elexicon to adopt common, modern, and industry-standard tools that are continuously updated, monitored, and supported. Elexicon is also investing in modern business tools through its Modern Workplace project, to mitigate cyber security risks, and enhance how data is shared, secured, and governed across the organization by transitioning from traditional file shares and on-premises SharePoint to a secure, cloud-based environment leveraging tools like SharePoint Online, Microsoft Purview, the Power Platform, and other Microsoft 365 capabilities.

Elexicon must also mitigate the security risks associated with its physical locations and assets, as the potential for theft and vandalism is higher given the types of assets and materials Elexicon must maintain in its inventory. As the resale value of materials such as copper wire increase, potential thieves are attracted to electrical infrastructure that is isolated and unmanned. These trends can drive up operational costs for the utility, and importantly, also pose safety concerns as those risk exposure to high-voltage electricity and other heavy-duty equipment. To mitigate such risks, Elexicon is investing in proper monitoring and tracking technologies which can remotely alert of potential breaches and also deter would-be perpetrators from theft.

For more information about Elexicon's need to invest in technology, cyber security, and physical security, see Exhibit 4 - Tab 1 - Schedule 6.

3.4 Macroeconomic Conditions

The persistence of historically high inflation and supply chain disruption continues to impact Elexicon's costs. These pressures have increased the costs of operations and have extended the lead-times to obtain critical materials and equipment (e.g. transformers, poles, etc.). Above-average annual cost increases for construction, materials, commodities, and services remain. Increasing demand for electricity infrastructure to support economic growth and electrification has outpaced the supply and availability of components and materials pushing costs upwards, as captured in Table 2, below, which shows Elexicon's recent materials and equipment prices. As shown in Table 2, with minimal exception, materials costs are increasing annually by more than 10%, with no indication such prices will stabilize or fall in the near-term.

Table 2: Materials and Equipment Price Increases – 2021 to 2024 (Total Increase and Compound Annual Growth Rate)

Materials and Equipment	2021 Unit Cost	2024 Unit Cost	2021-2024 Increase	CAGR
Hardware/Connectors ($)	58.57	78.70	34.38%	10.35%
Wire & Cable ($)	7.42	24.43	229.24%	48.77%
Wood Poles ($)	1,737.08	2,561.90	47.48%	13.83%
Arresters ($)	83.51	106.69	27.76%	8.51%
Switches ($)	1,316.16	1,780.17	35.25%	10.59%
Switchgear ($)	21,454.73	23,164.36	7.97%	2.59%
Transformers ($)	1,551.52	2,690.48	73.41%	20.14%

These challenges impact both the cost of constructing grid assets and the length of time between planning and construction. Larger projects, such as stations, entail procurement lead times of multiple months, or as much as two years, especially for critical components such as transformers. Elexicon must proactively plan investments and time the ordering of materials well in advance, which requires certainty of funding and sufficient staffing to plan and execute projects. For more information about Elexicon's cost pressures due to inflation, see Exhibit 1 - Tab 5 - Schedule 2.

3.5 Extreme Weather

As outlined in the table below, Elexicon has experienced a significant number of severe weather events with lengthy durations for large numbers of customers. For example, Elexicon's service area was hit by a high-impact windstorm in May of 2022 (Derecho) which left over 126,000—nearly 70%—of Elexicon's customers without power for more than 70 hours (nearly three full days).

Table 3: Summary of Elexicon's Major Events – 2020 to 2025

Year	Number of Events	Number of Customers Impacted	Types of Events/Range of Outage Duration[17]
2020	3	2,600 to 22,000	Windstorms – 7.5 to 18 hours
2021	1	30,000	Windstorm – 22 hours
2022	4	9,700 to 126,000	Windstorms and Snowstorms – 9 to 70 hours
2023	1	13,000	Snowstorm – 5 hours
2024	1	8,800	Snowstorm – 100 hours
2025	1	11,000	Ice Storm – 25 hours

[17] Approximate number of hours to restore 90% of customers. Some customers experienced hours in excess of the durations captured in this table.

While Elexicon has implemented numerous measures following these weather events, additional investments are urgently needed to further increase the resilience of its infrastructure. These include hardening of assets by using materials and configurations that are more likely to withstand inclement weather, improving vegetation management practices, building additional feeders/stations to improve redundancy, as well as grid modernization investments to enable reconfiguration of segments of the local grid to improve safety and reduce the frequency and duration of outages.

3.6 Length of Time Since Rebasing

Elexicon's predecessor utilities, Veridian Connections and Whitby Hydro, last rebased in 2014 and 2011, respectively. Elexicon's current rates are based on cost forecasts that are already more than a decade old and not reflective of its current reality. At the time Elexicon's predecessor utilities consolidated, rates were set on the basis relatively low and stable capital funding program, and inflation was less than 2%.

Elexicon's current rates fund approximately $34M in capital, and $49M in OM&A expenses.[18] In 2025, Elexicon is forecasting to spend about $65M in capital, $30M of which is related to meeting its obligations to connect customers and restore power following outages. By 2027, the amount of capital spending related to obligations to connect customers and restore power alone will increase to $40M, exceeding the current total amount of capital funding in rates entirely. Similarly, Elexicon's 2025 OM&A expenditures are $58M, exceeding the amounts in rates by $9.2M. If Elexicon only spent what was it was funded for in rates there would be no capital funding available for asset renewal and Elexicon would be unable meet the current service levels. The gap in funding between Elexicon's current rates and its capital and OM&A requirements is illustrated in figures 9 and 10, below.

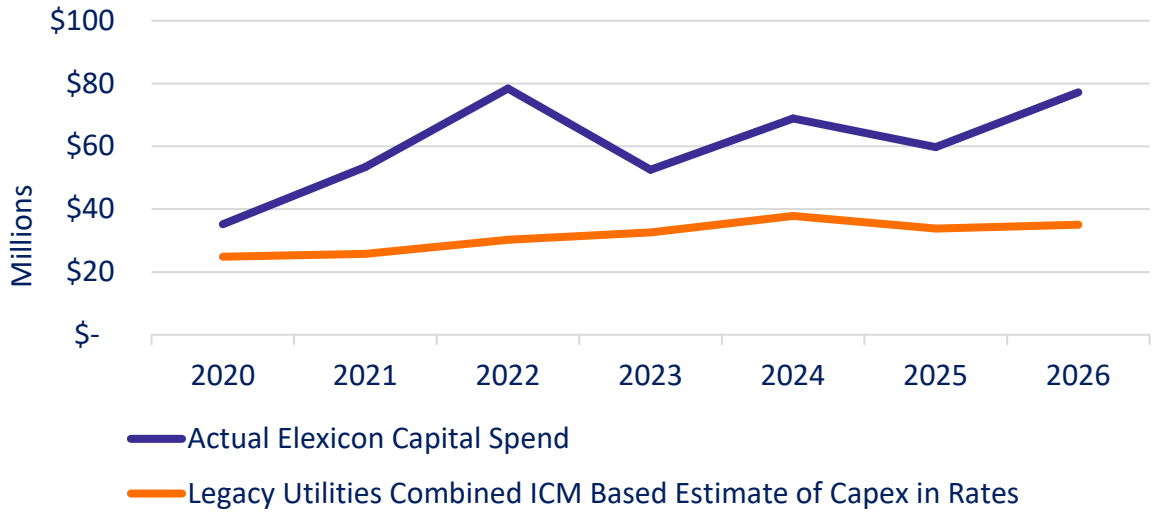
To ensure the continued provision of safe and reliable power, Elexicon has self-funded system renewal, connected new customers, invested in its technology and workforce, and developed core functions and capabilities that its predecessor utilities did not have. Such investment was essential to meet the challenges of the historical period, and to prepare for the level of capital investment and maintenance programming required now and in the immediate future. Although Elexicon successfully achieved

[18] See Appendix A to Early Rebasing Business Case (Exhibit 1 - Tab 4 - Schedule 1) for an estimate of the amount of capital and OM&A funded through existing rates.

post-merger annual synergy savings of $5.2M, external factors such as price escalation for materials and equipment, urgent and emerging cyber security risks, and more frequent extreme weather events put undue pressure on costs that cannot be offset by these synergies, nor productivity.

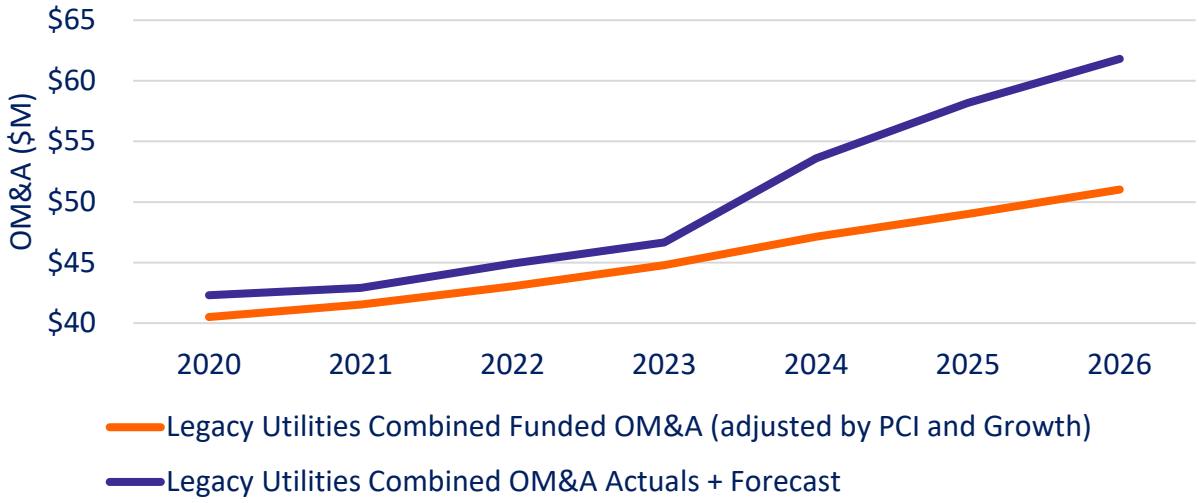
These urgent incremental investments necessary to deliver safe and reliable electricity were funded through shareholder earnings and additional borrowing. While this approach enabled Elexicon to meet immediate needs since merger, it is no longer sustainable. Elexicon must rebase in 2027 to avoid detrimental long-term impacts to its financial viability, including its balance sheet and borrowing metrics, and fund the prudent and necessary investments required for economic growth and housing development in the communities its serves, while preventing further degradation of reliability performance for its customers.

Figure 9: Elexicon's Actual Capital Spend Compared to Estimates of Available Capital Funded In Rates[19] ($M)



[19] Elexicon used the OEB's Incremental Capital Module to calculate the level of capital funding available in its current rates.

Figure 10: Elexicon's Actual OM&A Compared to Estimates of OM&A Funded in Rates[20] ($M)



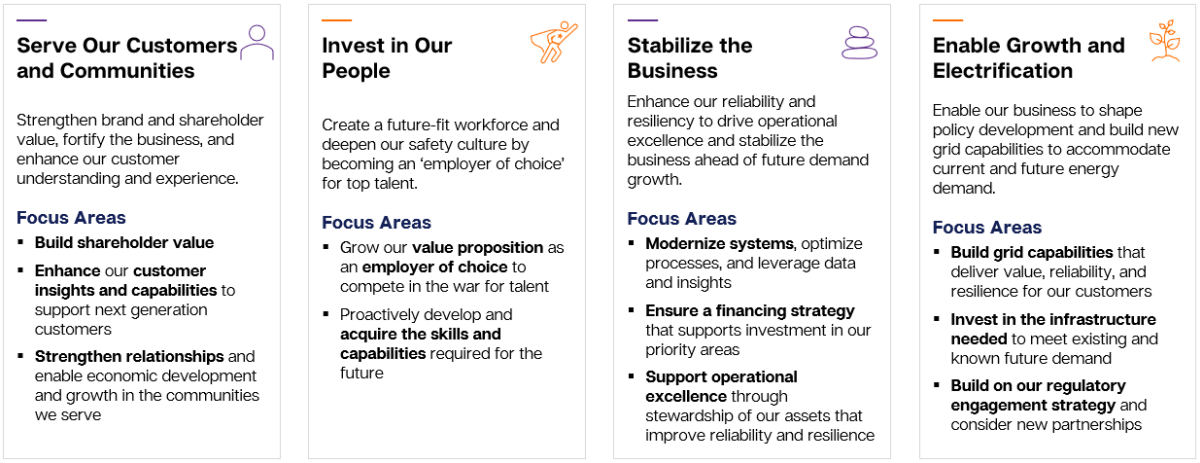
For more information on Elexicon's need to reset its rates in 2027, see Exhibit 1 - Tab 4 - Schedule 1.

4. ELEXICON'S 2026-2031 STRATEGIC PLAN

Informed by the business context noted above at Section 3, Elexicon developed its consolidated corporate strategy to guide the utility through a period of significant growth and transformation. The strategy focuses on the customers and the communities Elexicon serves, and establishes a unified direction for the organization. Elexicon recognizes that it must execute on near-term initiatives to provide the organization with a stable foundation on which to scale its operations and evolve to meet the future needs of its fast-growing service territory, and this strategy orients the utility around these goals. At its core, the strategy is built on four strategic planks shown in Figure 11 below. Each strategic plank features underlying focus areas to guide initiatives and prioritization.

[20] PCI = "Price Cap Index", the method by which annual inflationary adjustments are applied to rates.

Figure 11:The Planks and Focus Areas of Elexicon's Current Corporate Strategy



Each plank provides organizational direction and focus on key outcomes: strengthen system reliability and resilience, evolve Elexicon's operations to meet increasing customer expectations, manage accelerating electrification, and support the rapid development of some of the fastest-growing municipalities in Ontario.

5. ELEXICON'S BUSINESS PLANNING PROCESS

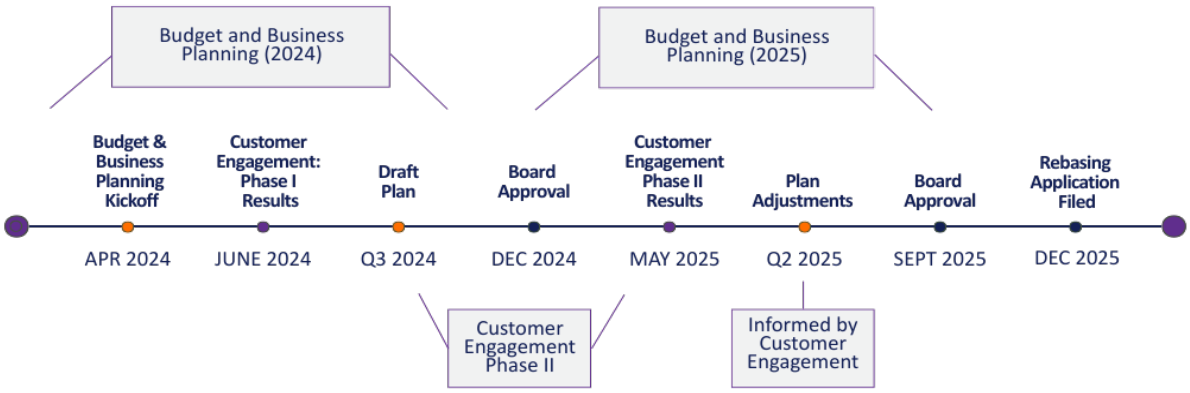
5.1 Background

Elexicon has developed this Plan to ensure the utility can address the constraints and reliability issues of today, while also being prepared for the connections and capacity requirements of the next six years. In developing its Plan, Elexicon evaluated a range of investment scenarios and trade-offs. These included balancing short-term cost pressures against the risk of deferring critical work, weighing the pace of modernization against the need to maintain affordability, and determining how best to allocate limited resources between system renewal, growth, and resilience. The resulting Plan reflects the minimum prudent level of investment required to maintain reliability and service quality, while addressing capacity constraints, preparing for continued regional growth and delivering on outcomes that customers value.

5.2 Customer Engagement and Elexicon's Business Planning Process

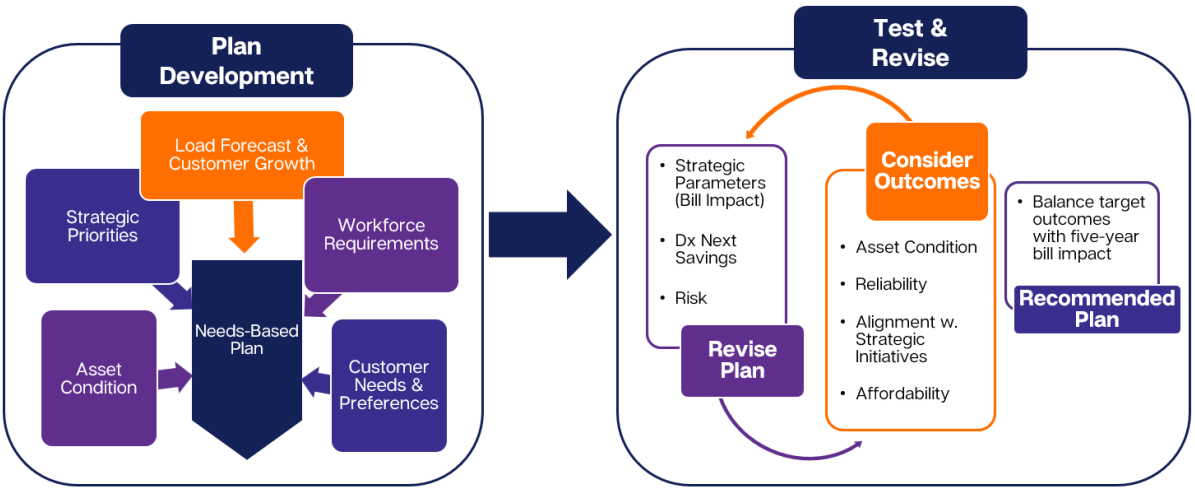
Elexicon conducted a two-phase customer engagement process to inform and validate its business planning process, resulting in 79% of customers supporting this Investment Plan. The engagement was designed to gather direct input on investment priorities and trade-offs between system performance, risk, and bill impacts. Customers were given clear information about the nature of proposed investments, the expected service outcomes, and the associated bill impacts, and their input was reflected in Elexicon's final Plan.

Figure 12: Elexicon's Business Planning Timeline



As shown in Figure 12, Elexicon began its business planning process for this Plan in 2024, with qualitative customer engagement focussing on customer needs and preferences (Phase 1), the results of which were shared across the business to guide planners. The initial Phase 1 customer feedback indicated that Elexicon's customers were primarily concerned about reliability of service, affordability, and ensuring the grid can withstand severe weather events. Ensuring the grid had sufficient capacity was also a top priority for customers. Elexicon also undertook a bottom-up needs-based assessment of integrated capital and OM&A requirements across the organization, informed by inputs including load and customer growth expectations, asset condition assessments, current and anticipated regulatory requirements and initiatives, and workforce requirements. This work in 2024 enabled Elexicon to develop an unconstrained, needs-based draft Plan which was then refined. Figure 13 illustrates this planning process and the inputs and refinements to Elexicon's Plan.

Figure 13: Elexicon's Business Plan Development Cycle for 2024



As informed by customer feedback, Elexicon adopted three top-down strategic parameters to guide the Plan revision stage (beginning in Q3 of 2024). These parameters ensured the resulting Plan meaningfully balanced affordability with the key outcomes that customers need and want. These parameters were: 1) address capacity constraints and meet forecast customer demand; 2) restore reliability to historic levels of performance; and 3) maintain a five-year annual average distribution rate impact of less than 10%.[21] Following receipt of the Phase I customer engagement results and reviewing its needs-based draft Plan, Elexicon observed that the costs associated with the needs-based draft Plan resulted in an estimated annual distribution bill impact of greater than 10% for residential customers.

To balance against rate impacts, Elexicon evaluated investment scenarios and weighed the outcomes of each scenario against the cost and risks. Through this exercise Elexicon was considered which programs included investments that are mandatory given the utility's obligations to connect customers and plan for long-term capacity needs, and which programs required risk-informed pacing to optimize the balance between outcomes and cost. The latter programs are those in system renewal, as well as grid enhancements, voltage and system conversion, metering (specifically, the AMI 2.0 project), and general plant investments. The pacing and optimization for those programs was informed by analysis

[21] On the Subtotal A portion of residential customer bills. Subtotal A represents the portion of the bill related to Elexicon's costs.

of asset age and condition, historical system performance, and risk-informed projections of targeted improvement.

The programs that were paced on a risk-informed basis are aligned to what Elexicon identifies as a 'balanced' investment approach. This 'balanced' approach considers where pacing of investments could be adopted to balance bill impacts against the intended outcomes of the investments. By Q4 of 2024, Elexicon had developed a revised Plan (the 'recommended' draft investment plan, also dubbed the "balanced plan") with an expected annual average bill impact of slightly less than 10%. In revising its Plan, Elexicon weighed the risks of deferring OM&A spending across the 2027 to 2031 period, moved certain maintenance spending to the second year of plan and also staggering hiring across the first four years of the plan to mitigate the step-up of costs in 2027. As noted in Section 3.6, the length of time since Elexicon's last rebasing has resulted in a significant gap between the current levels of rates and the costs of providing service today which will result in a "catch-up" of rates at rebasing. Through these revisions, Elexicon accepted a temporary increased level of operational risk to offset the degree of the rate change in 2027. Elexicon also considered the impact the cloud-based CIS/ERP solution ("Dx NEXT") would have on its workforce requirements. The utility identified that the solution conferred productivity in particular functions that meant additional planned hiring could be deferred based on anticipated efficiencies from the Dx NEXT solution.

In order to ensure Elexicon had found an appropriate balance between the outcomes of its investment plan and the associated cost, Elexicon presented the draft investment plan to customers in Phase II of the customer engagement process in early 2025. Through a detailed online survey, customers were presented with the costs, risks, and trade-offs of its draft balanced plan and its needs-based plan (presented as the "spend more" option in the survey) as well as a "spend less" option. The spend more option provided to customers included additional spending on renewal investments, grid enhancement for resiliency, a concentrated deployment of AMI 2.0 meters and communication systems, as well as additional operational technology investments to advance grid modernization capabilities. The "spend less" option proposed reduced spending in areas where less spending was feasible but negated or slowed the accrual of improvements or benefits in the draft plan.

Elexicon's 'draft plan' (based on the recommended plan approved by the board of directors), was supported by its customers receiving a social permission score of 79%, confirming the validity of Elexicon's strategic parameters and its ability to assess and meet customer needs and expectations.

For more information about Elexicon's customer engagement and how it informed this Application and the Investment Plan, see Exhibit 1 - Tab 7 - Schedule 1.

5.3 Summary of Elexicon's revisions to the recommended plan in 2025

Following the conclusion of Phase II of Elexicon's customer engagement, Elexicon updated its plan to reflect the latest information and reviewed the results of the survey to determine what changes, if any, were required to align Elexicon's Plan with customer expectations. Elexicon committed to finding and exhausting other avenues of bill impact mitigation while ensuring the plan could still address the most pressing capacity constraints and growth requirements, and address reliability.

Updated Capital Cost Assumptions: Upon reviewing the cost inputs from 2024 that were used to develop the draft plan, and comparing those to Elexicon's anticipated 2025 project costs, the planning team updated its assumptions regarding materials costs and vendor costs for work execution. This re-assessment of the inflationary assumptions for capital work programs resulted in an increase of approximately $63M to Elexicon's capital plan. The planning team also identified $26M in additional capacity projects required to alleviate constraints and $10M in newly identified connection requests expected to be in-serviced by 2027 that Elexicon was not aware of at the end of 2024. Anticipated reactive capital costs were increased by $9M to reflect more recent trends of reactive replacement. To offset these increases, Elexicon reduced some reliability related programs by $14M. Elexicon determined these changes to the capital plan, although material, did not directionally change the proposed plan and aligned with the outcomes presented to customers in its Phase II customer engagement survey. Also, as some of the additional expenditures related to capacity constraints and new connection requests, the additional mandatory costs needed to be incorporated into the plan to ensure Elexicon can meets its obligations under the DSC.

Deferral of Cloud Computing Implementation Costs: Elexicon also made revisions to its Plan given the cloud-based nature its ERP solution. Upon further assessment of the Dx NEXT project, the implementation costs were determined to be OM&A expenses and not capitalizable. Elexicon revised its plan to reclassify all implementation costs as expenses which would be tracked through the Cloud Computing Implementation Account, with a fixed recovery period of ten years starting in 2027. This revision removed the implementation costs from 2027, which lowered the bill impact for that year. (for further details on the proposed recovery period for this cloud project, see Exhibit 9 - Tab 3 - Schedule 5, section 7).

Refined Costing Assumptions: Elexicon's draft plan included some high-level costing assumptions which were updated for the final plan. These more refined assumptions included the working capital allowance, cost of capital parameters, load forecast, productivity assumptions, more detailed tax calculations, and updated labour costing to reflect outcomes of labour negotiations.

The net impact of the changes made to cost assumptions post-customer engagement had no material impact on rates and the anticipated average annual distribution bill impact, which remained less than 10%, ensuring that the updated plan was delivering the same outcomes as the balanced plan presented to customers at similar cost. As a result, Elexicon finalized its plan reflecting these updated assumptions.

6. 2027-2031 INVESTMENT PLAN & OUTCOMES

Elexicon's proposed capital and OM&A costs in Tables 4 and 5 below, reflect approximately $1.2B in system investments (740M in capital and 426.6M in OM&A) over five years. This level of investment is critical to meet demand for customer connections, for the necessary relief of system capacity constraints, to address declining reliability performance, to improve and enhance customer experience, and to ensure Elexicon has secure and efficient core operations which permit scaled growth, manage risk, and confer productivity.

Table 4: Forecast Capital Expenditures – 2027 to 2031 (Gross and Net) ($M)

	2027	2028	2029	2030	2031
System Access					
Gross ($M)	99.89	66.09	63.38	70.2	74.59
Contributions ($M)	66.17	40.27	33.28	37.87	41.15
Net ($M)	33.73	25.82	30.1	32.33	33.44
System Renewal					
Gross ($M)	31.31	53.66	56.03	68.76	70.23
Contributions ($M)	-	-	-	-	-
Net ($M)	31.31	53.66	56.03	68.76	70.23
System Service					
Gross ($M)	44.57	39.84	46.8	35.39	72.17
Contributions ($M)	-	-	-	-	-
Net ($M)	44.57	39.84	46.8	35.39	72.17
General Plant					
Gross ($M)	13.73	10.42	16.81	12.53	12.31
Contributions ($M)	-	-	-	-	-
Net ($M)	13.73	10.42	16.81	12.53	12.31
Total Gross ($M)	**189.5**	**170**	**183.02**	**186.88**	**229.29**
Total Contribution ($M)	**66.17**	**40.27**	**33.28**	**37.87**	**41.15**
Total Net ($M)	**123.34**	**129.73**	**149.74**	**149.01**	**188.14**

Table 5: Forecast OM&A Costs – 2027 to 2031 ($M)

2027	2028	2029	2030	2031	Total
77.26	84.05	86.00	88.45	90.84	**426.6**

The plan will achieve critical outcomes for customers and the communities Elexicon serves, namely:

- Providing capacity relief and restored reliability
- Better Customer Experience
- Enhanced Security and Productivity
- Managed Growth and Mitigated Risk

6.1 Capacity Relief and Restored Reliability

6.1.1 Relieving capacity through investing in stations and feeders

Elexicon's capacity constraints present immediate challenges to providing timely and economic connections. In 2025, 76% of Elexicon's stations have 1000kVA or less available capacity. Without investment Elexicon will be unable to meets it obligations as a distributor.

Through investments in Substations, Elexicon aims to add approximately 180 MVA of new station supply capacity and 109 MVA of distribution system capacity, including the construction of GTA East TS and new municipal stations in North Whitby (Brooklin North MS), Belleville (Foster MS), Port Hope (Port Hope MS), and Uxbridge (Uxbridge North MS). These investments alleviate current capacity constraints and enable the system to serve future load growth.

To realize the full benefit of these station investments Elexicon also plans to invest in corresponding feeder-level enhancements to distribute the added capacity and provide some resiliency in the form of power system redundancy.

By 2031, Elexicon intends to reduce the proportion of stations with 1000kVA or less of capacity from 76% to 36%, resolving these constraints and preparing for growth in the parts of its service territory where the pace of load growth and new customer connections (both residential and commercial) are greatest and expected to accelerate.

6.1.2 Addressing reliability through targeted asset replacements

Elexicon's reliability has declined over the historical period, as equipment failures increase due to the deteriorating age and condition of assets. Without investment in asset replacements in stations, as well as the underground and overhead systems, Elexicon cannot address the lengthening duration of outages, however, advancing replacement of all assets at risk of failure would require levels of investment that poses affordability risks to customers. Elexicon has capped its level of investment with affordability in mind. Even with the planned $280M in spending to renew deteriorating assets, Elexicon anticipates that the overall age and condition of its assets will decline by 2031.

Given the proportion of assets in fair, poor, and very poor condition, Elexicon recognizes that investments in renewal must be paced and prioritized to address those assets which most contribute to worsening SAIDI. Therefore, to address assets at highest risk of failure, Elexicon's proposed renewal investment scenario detailed in Exhibit 2B - Tab 4 - Section 3, Appendices E to H, is aimed at decelerating this growing proportion of aging and deteriorating assets as practicably as possible, but also carries a sustained level of risk of declining performance in the earlier years of the plan before renewal programs and grid modernization investments are scaled up. It is through the combination of targeted strategic asset replacement, grid modernization and increased maintenance activities that Elexicon will restore reliability to historical levels of performance. Elexicon's spending plan focuses on the replacement of a subset of worst performing assets earlier in the rate term for both overhead and underground asset classes and then scales up spending over the term to more broadly tackle assets which pose the greatest risk, and can affect wider groups of customers for lengthier periods of time (e.g. a stations outage can impact hundreds of customers).

6.1.3 Addressing reliability through better maintenance

Through its OM&A investments, Elexicon can tackle system performance challenges through better maintenance planning and sufficient levels of maintenance to mitigate the impact of deteriorating assets across its system.

Cost-effective maintenance and vegetation management through appropriate levels of investment and better planning:[22] By increasing maintenance program levels, Elexicon can better manage its aging infrastructure portfolio, and implement enhanced practices targeting improved vegetation management with the objective of controlling its reactive spend on maintenance and restoration activities over the forecast period.

Over the forecast period, Elexicon aims to undertake more predictive and preventative stations maintenance to remedy issues prior to failures, and where possible, extend the life of assets. The utility expects this approach will lead to an increased volume of deficiencies identified during maintenance

[22] Elexicon's maintenance programs are detailed in Exhibit 4 - Tab 1 - Schedule 4.

cycles. This approach will improve reliability, reduce the risk of unplanned outages, and avoid costly emergency repairs and replacements. These circumstances are becoming more frequent as station infrastructure continues to age and deteriorate. While investments in rebuilding stations are expected to improve targeted asset condition, it will take time to fully execute these capital investments and address the underlying issues across the system. Also, as new stations are scheduled to enter service during the forecast period, this increases the number of assets included in maintenance cycles which requires more investment in maintenance to preserve assets and ensure new stations are operating as intended.

Additional maintenance funding will also support increased levels of programming for poles, transformers, switches, as well as insulator washing and system patrol inspections. This increased cadence of activities will help to identify and address assets at risk of failure and mitigate safety and environmental risks through reducing incidents such as fires and contamination.

Over the forecast period, Elexicon plans to make enhancements to its tree trimming program that include mid-cycle spot trimming on Worst Performing Feeders, which are typically located in heavily treed rural and mature urban areas, allowing the targeting of spot feeder trimming. Elexicon will also shift to a feeder-based trimming cycle. By focusing on individual feeders under this updated approach, Elexicon can better prioritize high-risk areas, and optimize scheduling and resource deployment, which is expected to reduce tree-related incidents and lower off-cycle spot trimming costs over time. The development of optimized cycle lengths is expected to also extend the current three-year cycle to up to five years for feeders with lower tree contact incidents. This enhanced approach will result in more efficient use of resources without compromising reliability and safety.

Stations-focused programs & additional focus on Transformer Staton (TS) cycles: as noted, Elexicon has an aging portfolio of station assets, with many at the end of their life and/or outdated, making maintenance more difficult to perform due to incompatibility with current equipment. The oldest of the utility's transformer stations date back to the 1950s and many were installed in the 1970s and 1980s, typically with a useful life of approximately 40 years. As the volume of Elexicon's aging station assets grow, Elexicon must fund more stations-focused maintenance activities. Stations assets typically

require more extensive maintenance. In addition to maintaining aging station assets, Elexicon has and will continue to acquire transformers stations to meet its system needs, (e.g. the commissioning of the Seaton TS in 2022) and larger scale stations at higher voltages require specific maintenance cycles and detailed inspections on a wider range of components.

Overall, Elexicon will increase its cadence of maintenance performed which better aligns with the needs of its distribution system, and with industry best practices, improving service quality and minimizing safety risks.

6.2 Better Customer Experience

Improved customer portal: Through transitioning to a modern customer information system, customers will have improved access to self-service, so they don't need to call in to make simple account changes, pay bills, check consumption data. Customers will have access to online bills, and clear channels for accessing information about payment plans and low-income support. Elexicon's new portal will also offer SMS texting during outages to provide more timely and relevant communication through channels customers prefer.

High quality digital channels for information and communication: Elexicon will continue to improve its website, and outreach through social media platforms, which customers rely on for outage information, billing questions, changes to policies and programs, as well as finding out about Elexicon's operations and rates.

Advanced communication on planned outages and better coordination: Elexicon has improved its communication on planned and unplanned outages with customers, including its outage map and information that it circulates on its social media channels when outages do occur. Elexicon's website also includes dedicated web pages for updates during widespread outages after severe weather, as well as customer surveys to evaluate the effectiveness of communications.

6.3 Enhanced Security and Productivity

Advancing grid modernization[23] for reliability performance and to prepare for the future: Elexicon plans to invest in Operational Technology, such as upgrading and expanding its ADMS and SCADA platforms, as well as more field-connected devices through its Grid Enhancement program. Elexicon's operational technology allows the control centre to manage increased load growth and provide more effective outage management using a systematic approach to resolve disruptions in service, equipment or operations while minimizing down time. This core infrastructure addresses reliability while also ensuring Elexicon can lay the foundation for future grid technologies, and an era of greater DER penetration and customer participation.

Better cyber security: as cyber security threats have grown over the historical period and are forecast to continue intensifying, Elexicon has improved its cyber security posture through investments in its modern software applications, data management, office technologies for hybrid work as well as investing in enterprise risk management, information management and privacy expertise. The addition of a modern cloud-based customer information system (through the Dx NEXT project) addresses the risk of legacy systems and unsupported programs.

Modern business architecture to tackle the growing capital program Elexicon's ERP solution will also unlock the ability to scale its work program. Elexicon can execute more projects and pursue urgent investments with a modern business solution that integrates planning, work management, asset registry, procurement, human resources, and financial systems. This integrated system allows Elexicon to perform greater volumes of work, mitigate the need for additional hiring in customer care and finance (by reducing manual processes) and improve integration across business processes such as procuring vendors and materials, updating asset records, handling greater volumes of financial transactions and projects, and executing field work.

Access to data: implementing a cloud-based ERP also improves the efficiency and decision-making of business operations at Elexicon by providing better visibility to data including metering data and information about outages and asset failures to improve restoration times, workflow data including

[23] Elexicon's Grid Mod Plan is detailed at Exhibit 2B - Tab 3 - Schedule 2, Appendix A.

scheduling, billing, invoicing, accounting and customer service data, and implementing a comprehensive data governance framework that ensures data integrity and security, and supports reliable analytics.

6.4 Managed Growth and Mitigated Risk

6.4.1 Building capital-related support functions for scaled execution

Elexicon's procurement team will increase its staffing complement in the bridge period to manage the inventory levels of growing operational needs and accommodate longer lead times for key equipment. These additional resources will ensure Elexicon can execute greater volumes of work to address urgent system needs.

Elexicon must also increase the staffing in its control centre. Proper grid operations require a sufficient complement of qualified System Operators to support both current operations as well the anticipated load growth and its corresponding increase in operational demands. Building and replacing assets means more activity in the control centre to switch, isolate, and maintain grid operations as capital work increases, which places urgency on Elexicon to address gaps in trained operators.

6.4.2 Ensuring sufficient levels of regulatory support and internal legal capacity

Elexicon is prepared to support and deliver on the increasing obligations of distributors[24] in Ontario by adding additional internal expertise to its regulatory team to support policy and compliance work as well as manage the additional requirements and expanded volume of work associated with larger-scale rate applications. Over the historical and bridge periods, Elexicon also saw increasing need for in-house expertise to operate as a merged utility of increased scale and fulfil its legal, cyber security, governance and privacy obligations within an increasingly complex and demanding operating landscape. The addition of in-house counsel is crucial to providing support for legal and regulatory compliance, commercial transaction volumes and risk management.

[24] The volume of consultations, policy statements, updates to rules and codes, and initiatives have accelerated over the historical period and are expected to continue. Initiatives include: direction on cyber security requirements, new requirements for locates dictated by the Getting Ontario Connected Act, the Green Button initiative, the Optional Enhanced and Ultra-Low Overnight Time of Use Rates, the Ontario Electricity Support Program & LEAP, the Market Renewal Program, Distribution System Code changes related to housing expansions, Distributed Energy Resources and Electric Vehicle connections processes, enhanced reliability reporting and benchmarking from the Reliability and Power Quality Review.

7. CUSTOMER RATE IMPACTS

Elexicon's total bill impacts, as captured in Table 7 below, reflect Elexicon's balanced approach to the pacing of funding required to address Elexicon's current challenges. Elexicon is also proposing to harmonize rates in 2027 across its rate zones so that similar customers across its service territory will pay the same charges for the service they receive. Historically, Elexicon had operated two separate rate zones (the Veridian Rate Zone and the Whitby Rate Zone).[25] These total bill impacts on a monthly bill are shows for a typical customer in each rate class for the existing rate zones for 2027 to 2031.[26] See Exhibit 8 – Tab 1 – Schedule 1 for further details.

Table 6: Total Bill Impact – Summary

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
GS 50 - 2,999 kW	-848.25	-5.8%	266.17	1.9%	211.02	1.5%	215.56	1.5%	263.61	1.8%	21.62
GS 3,000 - 4,999 kW	-23,463.65	-6.3%	4,519.85	1.3%	4,137.39	1.2%	3,709.81	1.0%	4,555.83	1.3%	-1,308.15
Large Use >5MW	-1,285.38	-0.1%	2,068.21	0.2%	4,421.83	0.5%	8,354.97	0.9%	11,427.28	1.2%	4,997.38
Unmetered Scattered Load	1.94	2.3%	4.05	4.7%	2.75	3.0%	2.73	2.9%	3.62	3.8%	3.02
Sentinel	0.63	3.4%	1.66	8.7%	1.15	5.6%	1.16	5.3%	1.59	6.9%	1.24
Streetlight	-7,600.43	-9.1%	3,844.52	5.1%	1,742.69	2.2%	1,723.56	2.1%	2,412.31	2.9%	424.53
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
GS 50 - 2,999 kW	3.13	0.0%	266.17	1.9%	211.02	1.5%	215.56	1.5%	263.61	1.8%	191.90
GS 3,000 - 4,999 kW	5,397.06	1.6%	4,519.85	1.3%	4,137.39	1.2%	3,709.81	1.0%	4,555.83	1.3%	4,463.99
Unmetered Scattered Load	-5.52	-6.0%	4.05	4.7%	2.75	3.0%	2.73	2.9%	3.62	3.8%	1.53
Sentinel	1.65	9.5%	1.66	8.7%	1.15	5.6%	1.16	5.3%	1.59	6.9%	1.44
Streetlight	-38,199.05	-33.6%	3,841.24	5.1%	1,847.96	2.3%	1,829.82	2.3%	2,580.64	3.1%	-5,619.88

[25] Elexicon proposes to harmonize distribution rates across its two legacy rate zones effective January 1, 2027, by applying the Veridian Rate Zone rate class structure to Whitby Rate Zone customers, along with aligned rate riders, RTSRs, low voltage charges, and loss factors.
[26] Rates in later years will be finalized through annual update applications under the Custom IR framework.

8. CUSTOM PERFORMANCE SCORECARD

To ensure Elexicon holds itself accountable to deliver on the outcomes customers value and need, Elexicon will implement a relevant and detailed set of measures to both help establish a baseline of performance, and ensure its investments deliver the appropriate results for customers. Elexicon recognizes the scale of investment proposed is significant relative to the historical period, and this Plan must be accompanied by explicit commitments of performance and service levels commensurate with the funding required.

Elexicon's custom performance measures, captured in the Table 7 below correspond to its core objectives of addressing capacity constraints, enabling growth, and restoring reliability to historical levels of performance, while also setting appropriate measures for cost control, customer experience, and safety. For further details see Exhibit 1 - Tab 6 - Schedule 1.

Table 7: Custom Performance Scorecard

Performance Outcome	Performance Category	Metrics	Targets
Operational Effectiveness	System Reliability	SAIDI SAIFI FESI-7	1.49 – 1.52 (by end of 2031) 1.14 – 1.16 (by end of 2031) ≤ 10% (by end of 2031)
	Asset Management	Incremental Station Supply Capacity Incremental Distribution System Capacity Stations with Limited Capacity Asset Condition Assessment Distribution Assets TUL Substation Assets TUL	180 MVA (by end of 2031) 101 MVA (by end of 2031) 21 (by end of 2031) Monitor ≤ 28% (by end of 2031) ≤ 32% (by end of 2031)
Financial Performance	Cost Control	Planned Vegetation Management	Monitor
Customer Focus	Satisfaction and Experience	Telephone and Email Interactions Portal Experience Enrollment and Self Service eBill Enrollment	Monitor Feedback Monitor Feedback 15% Increase (by end of 2031) 15% Increase (by end of 2031)
Employee Safety	Health and Safety	Completion rate of logged actions in Elexicon's Health and Safety Management System and completion rate of target # of annual inspections.	95% Completion Rate (annual target)

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