

Elexicon Energy

Custom Incentive Rate-Setting Application (Custom IR) Proposed Rates for 2027–2031

EB-2025-0312

Presented on July 22, 2026





The **Investment Plan** includes the **minimum level of investment** needed to restore reliability, build sufficient capacity to serve growth, and enable the outcomes that customers value.

Roadmap

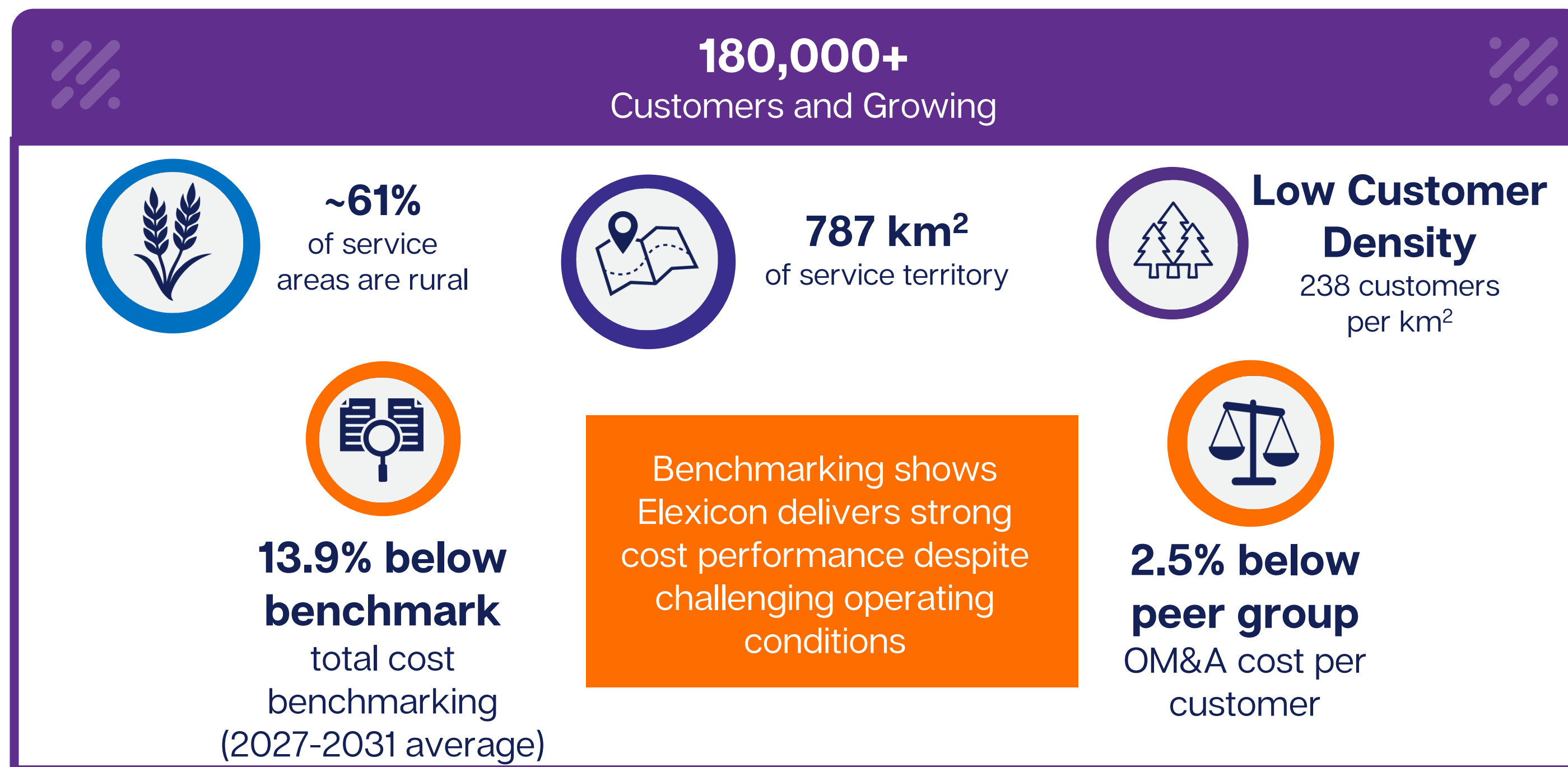
- Elexicon Overview
- Key Challenges
- Investment Planning Process
- Investment Plan
 - Capital Expenditures
 - Operations Maintenance & Administration (OM&A)
 - Critical IT Project
- Customer Bill Impact
- Rate Framework

Ellexicon Overview

Who We Are

About Us: Elexicon at a Glance

Elexicon has unique operating realities that shape our investment plan



Elexicon was formed by merger in 2019

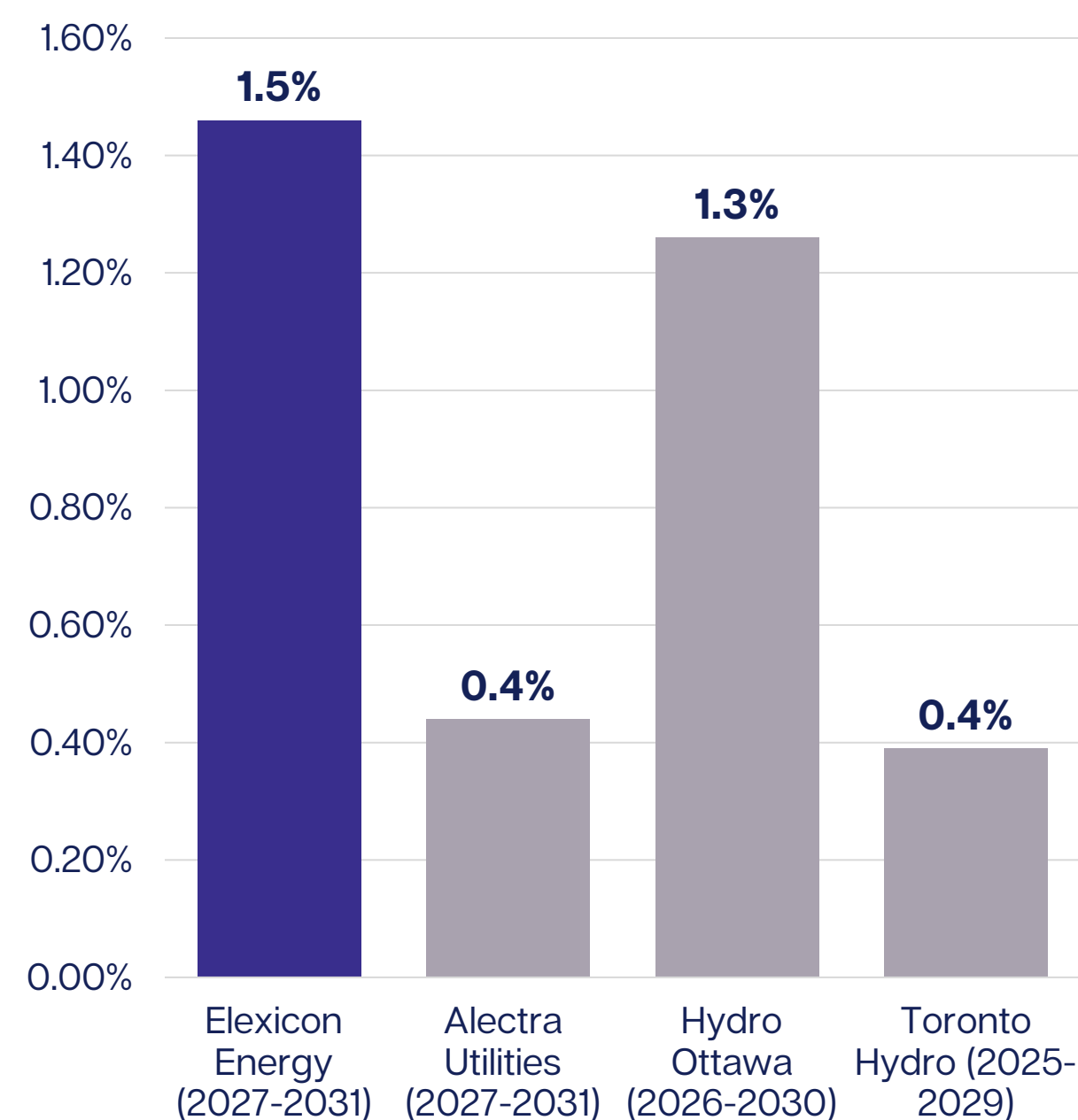


About Us: Operating Environment

Elexicon is forecast to be the fastest growing large utility
in the province



Average Yearly Customer Growth



Fastest Growing Communities in Ontario: Housing and economic development are driving Ellexicon's growth



About Us: Company History

More than a decade since
utilities last rebased



Whitby Hydro
Electric Corporation

2011



2014

Elexicon's merger forecasted avoided costs and labour synergies

- › Elexicon has achieved \$34.3M in synergy savings since 2019
- › Results in \$5M in annual savings for customers which lower the 2027 revenue requirement by 3.4%

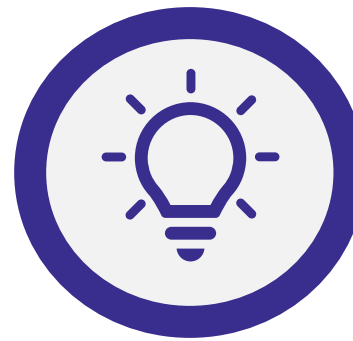
Business conditions changed dramatically shortly after merger



Inflation



Growth



Reliability



**Policy &
Compliance**

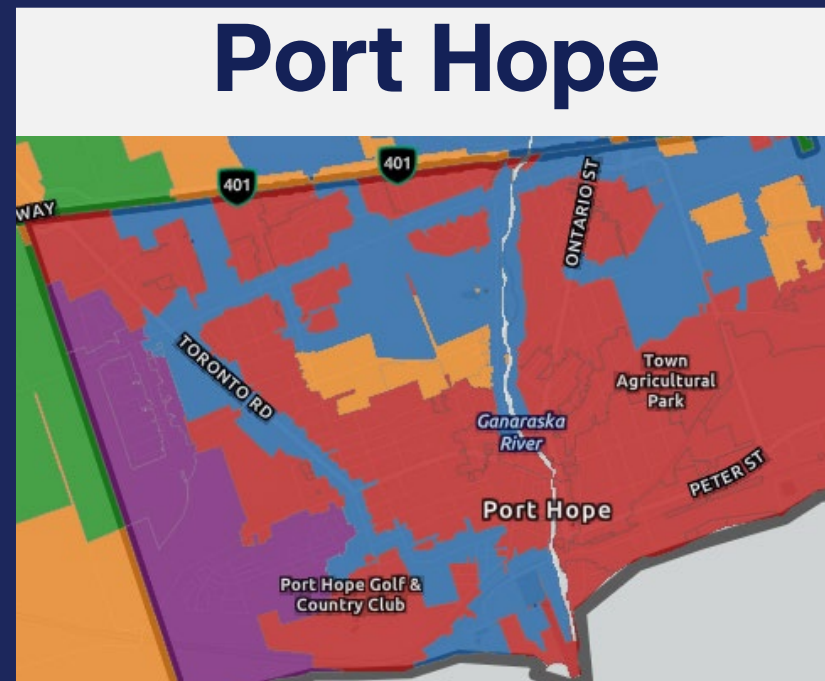
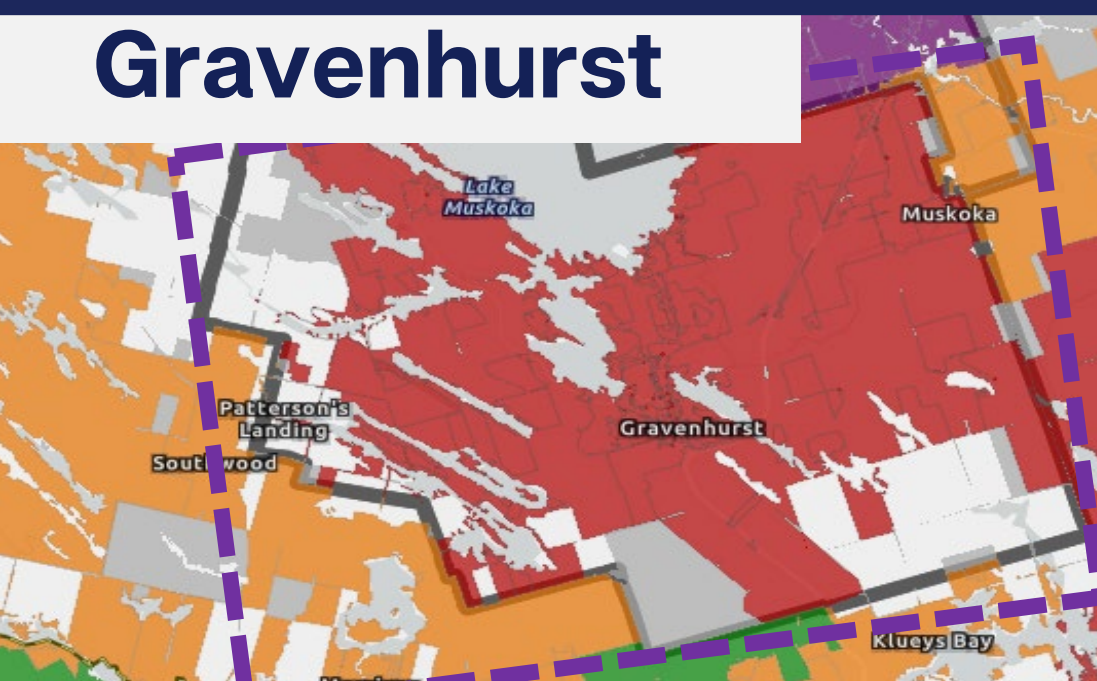
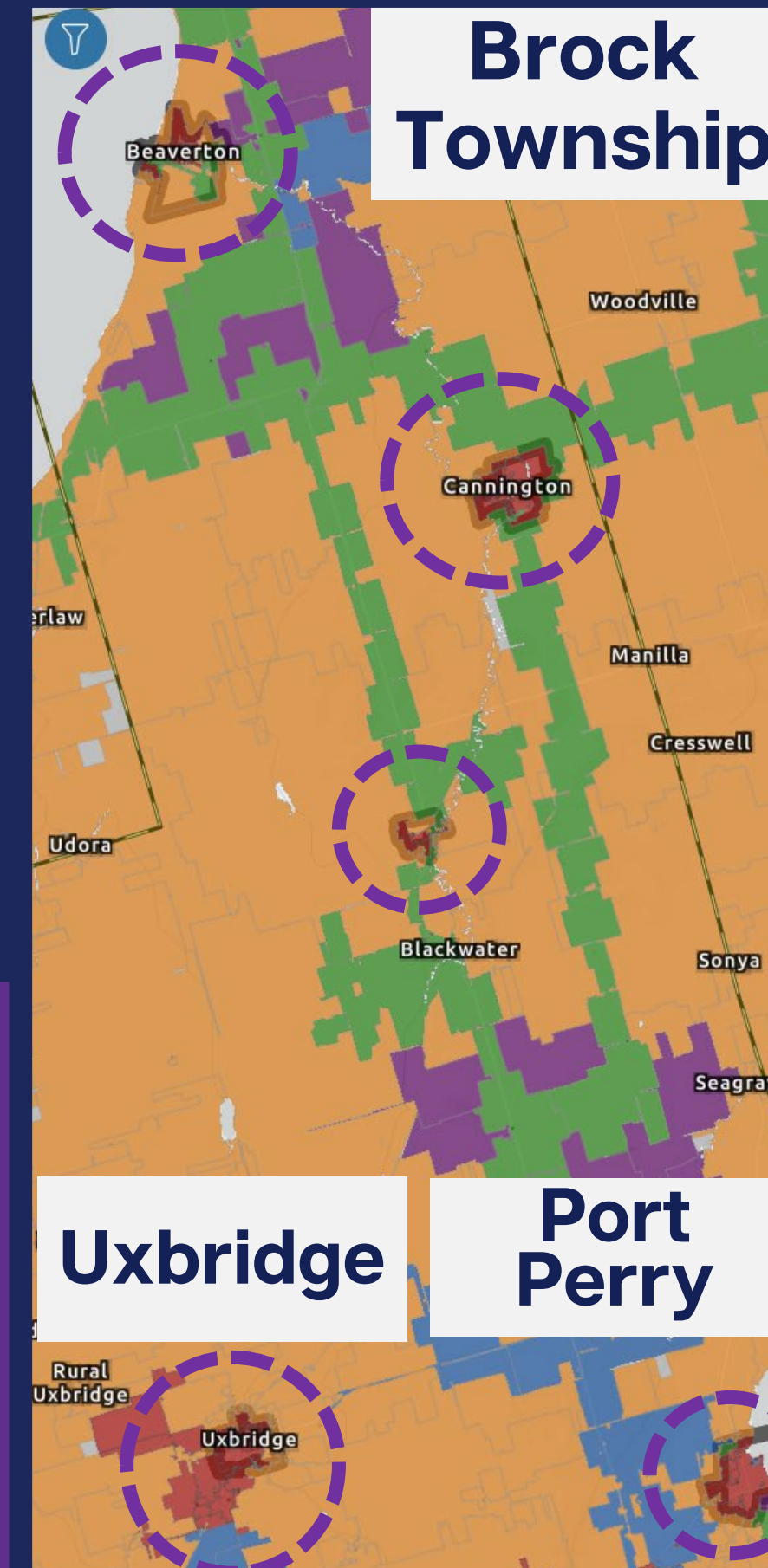
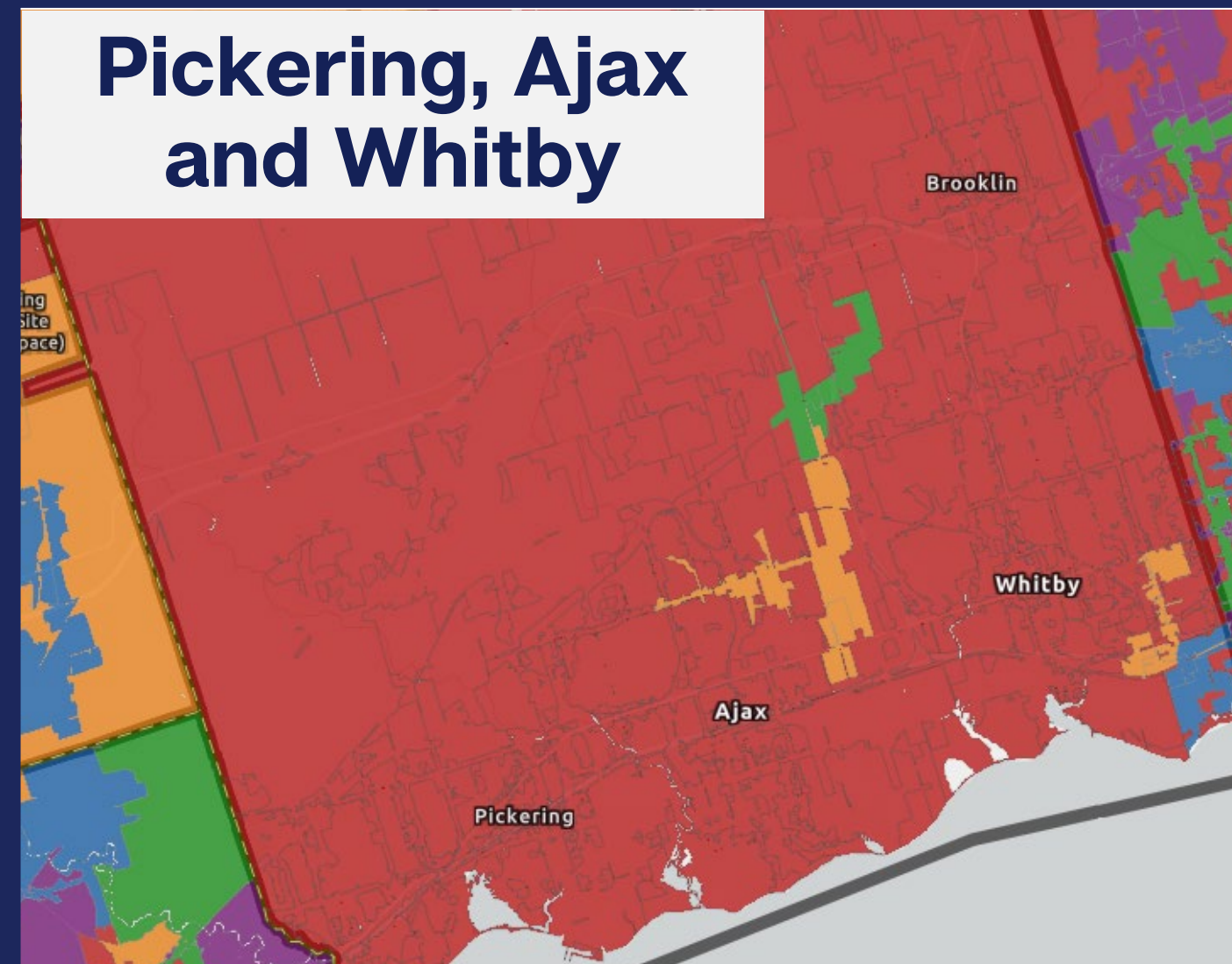
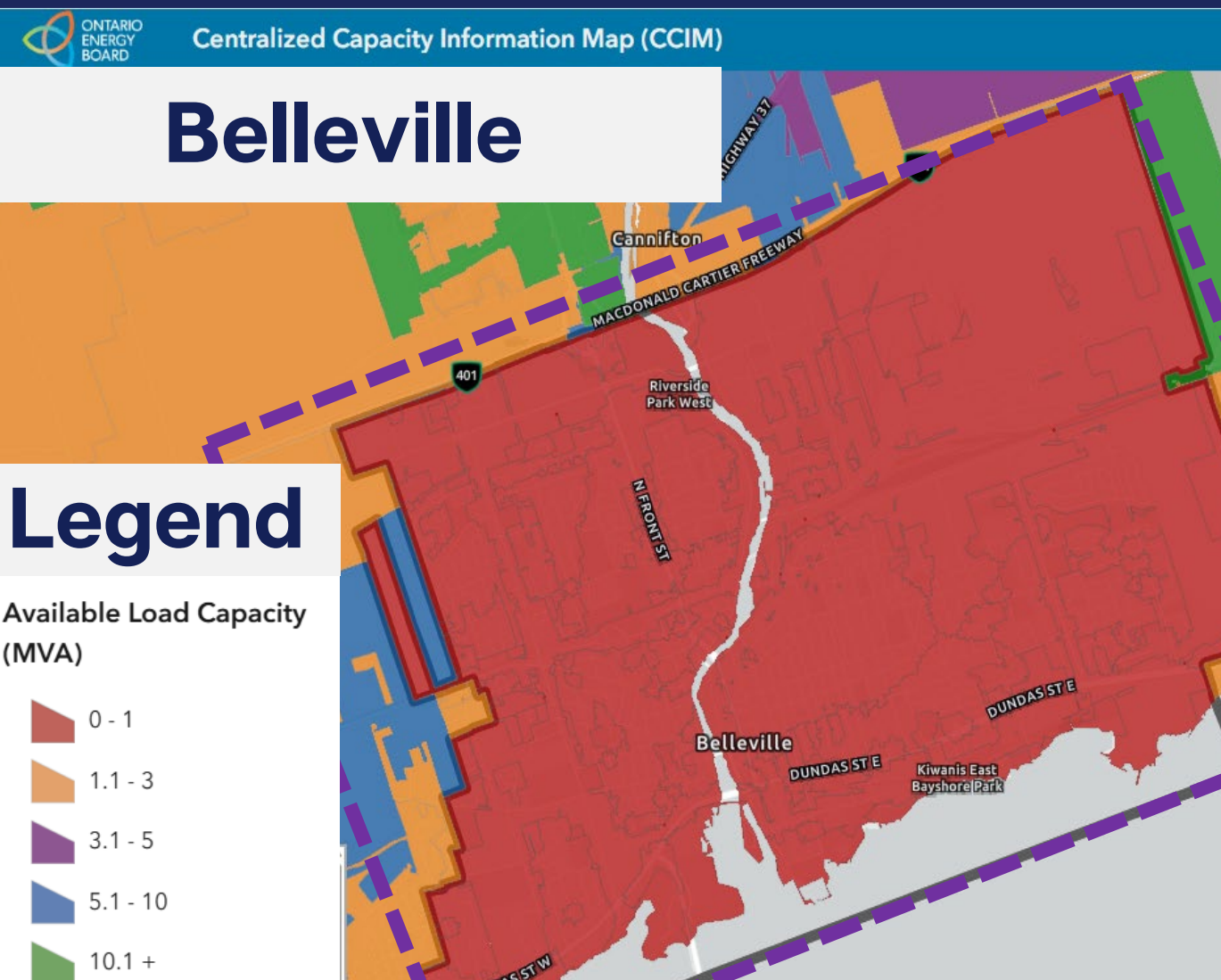


**Cyber
Security**

Key Challenges

Key Challenges: Capacity

Customer demand has consumed most of the available capacity in Elexicon's grid



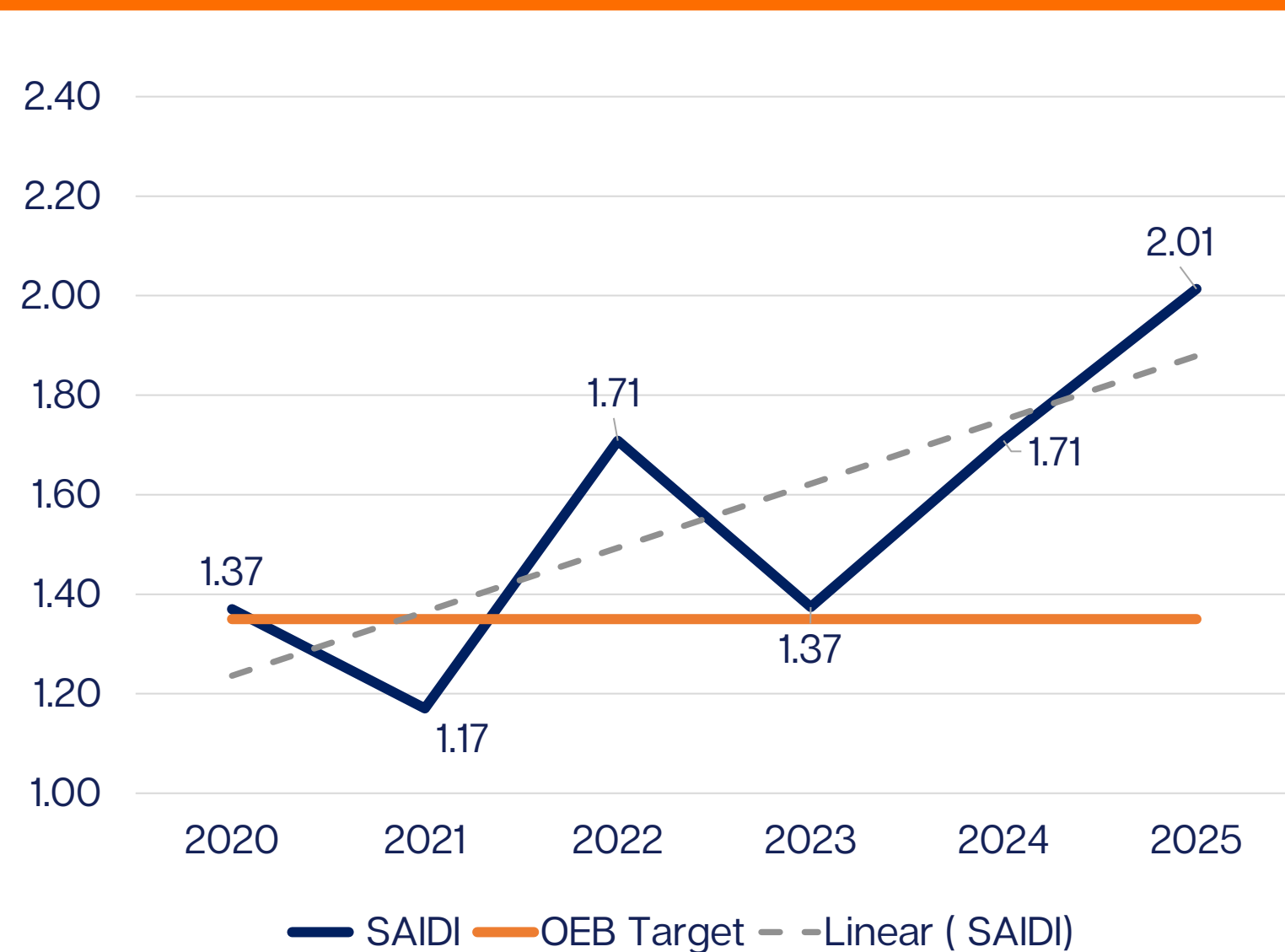
The Ontario Energy Board's Centralized Capacity Information Map illustrates the state of Elexicon's capacity constraints

Key Challenges: Reliability

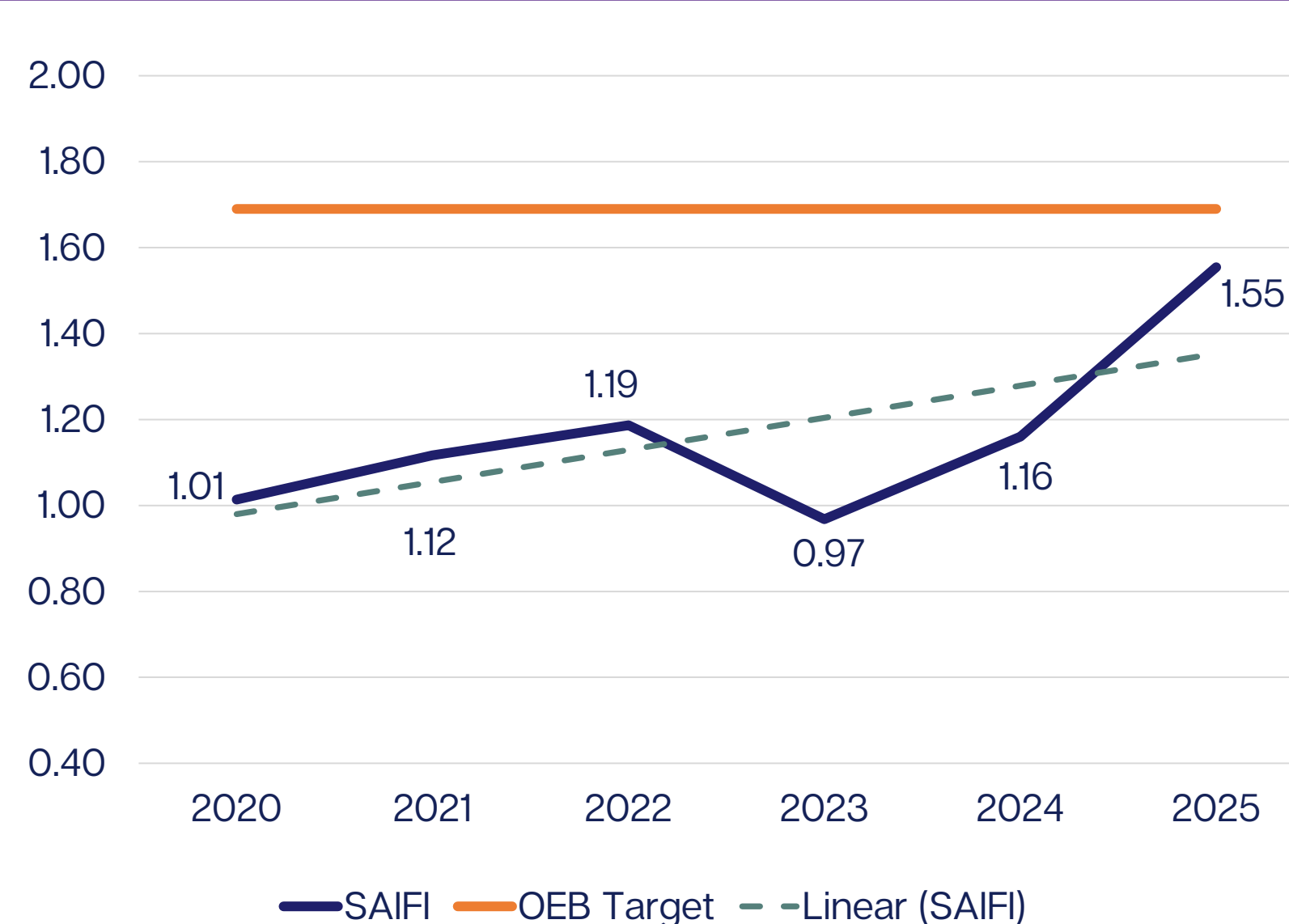
Poor condition assets degrading reliability performance –
duration and frequency trending in the wrong direction

- **22% of assets are at or nearing end of typical useful life (TUL)**
- **36% of assets are in fair, poor, or very poor condition (Asset Condition Assessment)**

Duration of Outages (SAIDI)



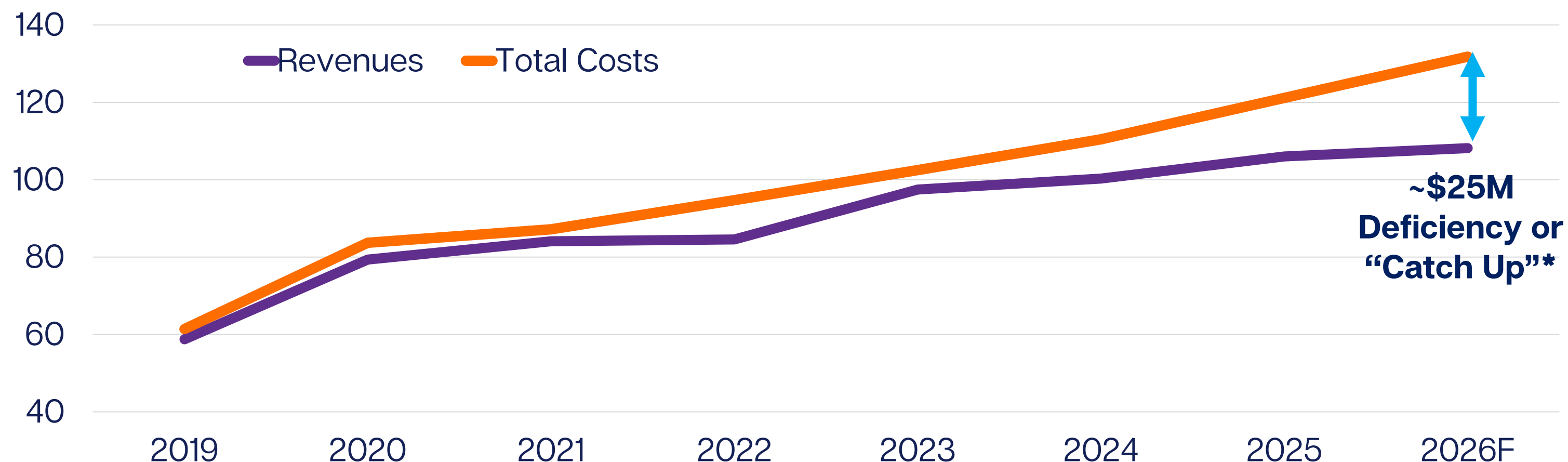
Frequency of Outages (SAIFI)



Key Challenges: Financial Viability

Ellexicon must realign its rates with current cost structures to meet investment needs and ensure financial viability

Delivering Critical Investments (\$M)



	2019	2020	2021	2022	2023	2024	2025	2026F
Achieved ROE		6.08%	6.87%	4.86%	5.15%	5.39%	3.81%	
Deemed ROE		9.43%	9.43%	9.43%	9.43%	9.43%	9.43%	
Difference		-2.63%	-2.57%	-4.57%	-4.28%	-4.04%	-5.63%	

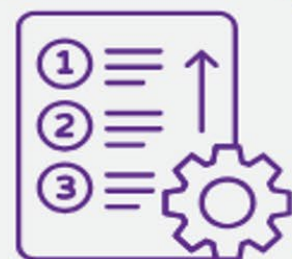
* The “catch up” represents the revenue deficiency related to re-aligning with current, pre-rebasing cost structures (i.e. 2026 costs).

Investment Planning Process

Planning Process

Ellexicon's planning process was customer-informed and validated

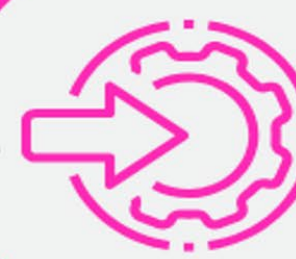
**Identify
Customer
Priorities
(Phase 1)**



**Develop
Investment
Plan**



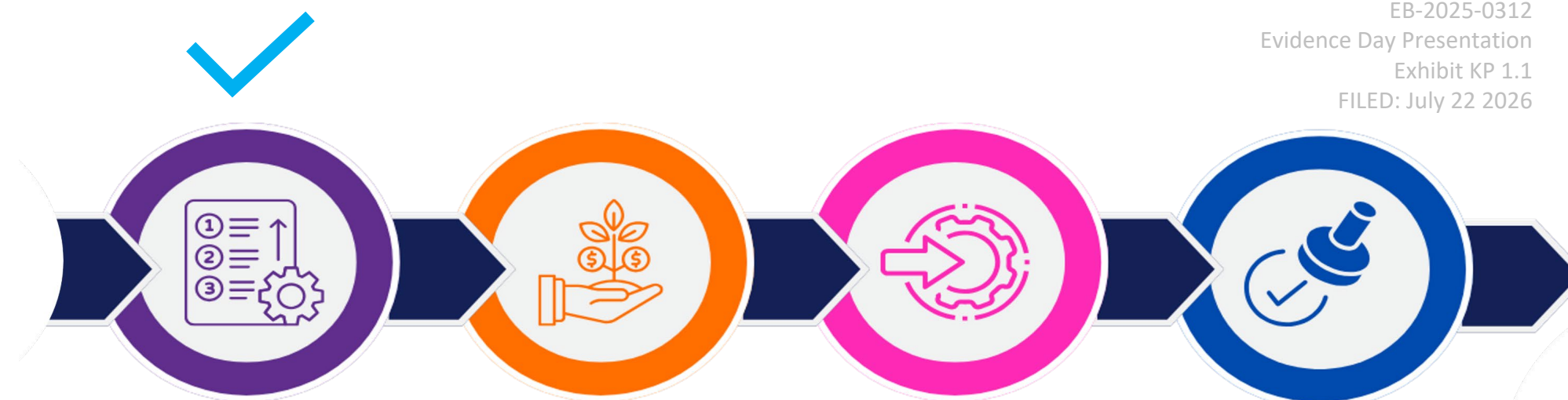
**Seek
Customer
Input
(Phase 2)**



**Revise
and File
Application**



Planning Process: Customer Needs (Phase 1)



~5,000 customers participated in focus groups and online surveys

Customer Priorities

1

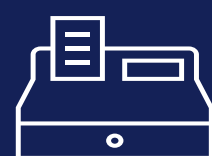
Delivering electricity at reasonable rates

2

Providing reliable service

3

Ensuring the grid can withstand severe weather events



Small Business



Residential



C&I



Seasonal

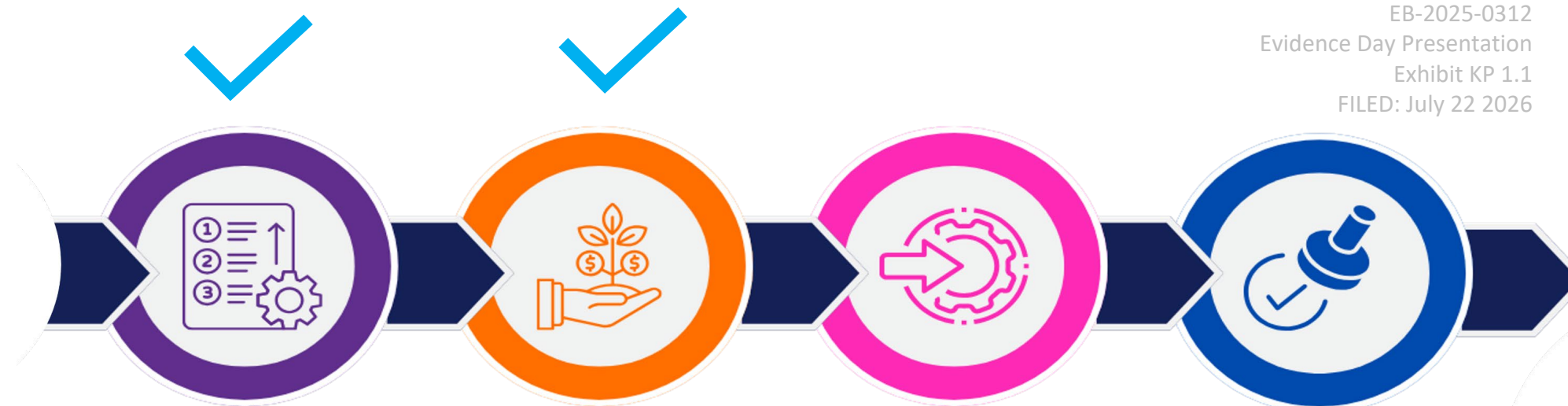


Key Accounts

Price

Reliability

Planning Process: Plan Development



Iterative planning process considered the following critical customer outcomes:



Reliability



Capacity



Rate Impacts

Reliability

Capacity

Needs Based
\$960M

Greater system needs
addressed; improved
reliability

Capacity risk remains in
lower growth areas

Balanced Plan
\$739M

Reliability at historical levels

Maintain overall asset
demographics; decline in
some categories

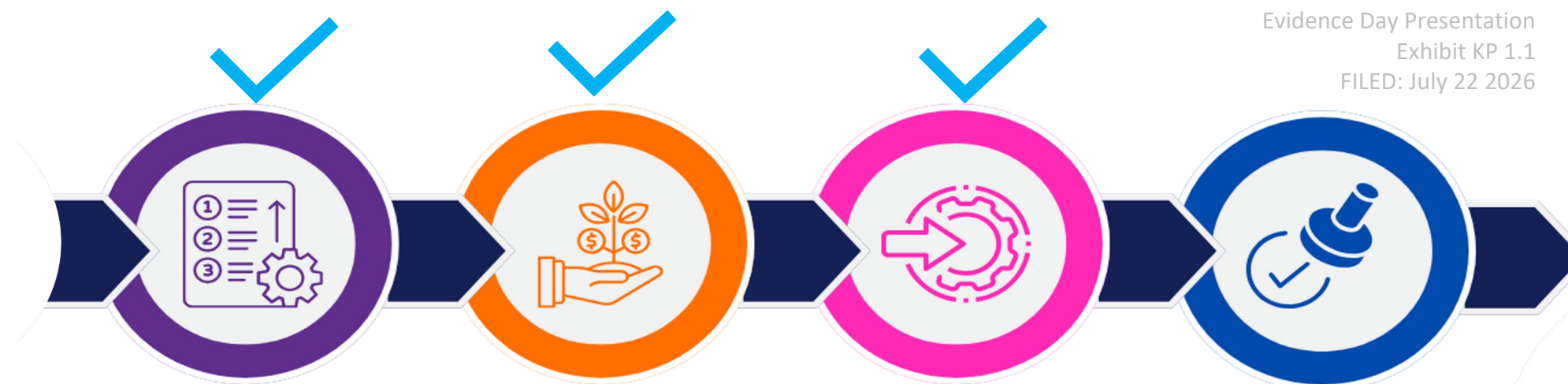
Capacity risk remains in
lower growth areas

Low
\$611M

Reduced investments
result in continued
degradation of reliability

Capacity risk remains in
lower growth areas

Planning Process: Customer Validation (Phase 2)



Elexicon Customer Feedback Survey
Making Choices

Choices Calculator
Throughout this workbook, you have been asked about five key choices from that could impact your rates. Below is a summary of your choices.

At the bottom of this page, you will find the total bill impact of all your answers.

Please review your answers and change your responses if you desire, and your potential rate impact will be re-calculated. You can adjust your answers until you reach the best balance for you.

	Spend less	Draft Plan	Spend more	
Infrastructure Renewal	☒ \$7.53	☐ \$7.98	☐ \$10.22	☐ Don't know
Metering	☒ \$0.94	☐ \$1.23	☐ \$2.28	☐ Don't know
Modernization	☒ \$0.95	☐ \$1.06	☐ \$1.39	☐ Don't know
Grid Resilience	☒ \$4.00	☐ \$4.38	☐ \$5.44	☐ Don't know
General Plant		☒ \$1.72	☐ \$2.08	☐ Don't know
Growth		☒ \$5.23		

Between \$62.76 and \$69.05

The total impact of your choices would result in an estimated distribution charge of **\$64.00** by the end of 2031.
This translates to a distribution rate increase for the typical residential customer of: **\$21.60** between 2026 and 2031.

Between \$20.36 and \$26.65



> Close to 10,000 customers provided feedback

> Detailed workbook educated customers and gave them choices: spend more or less in certain areas and see the impacts of those investments

79%

of customers surveyed supported the investment plan

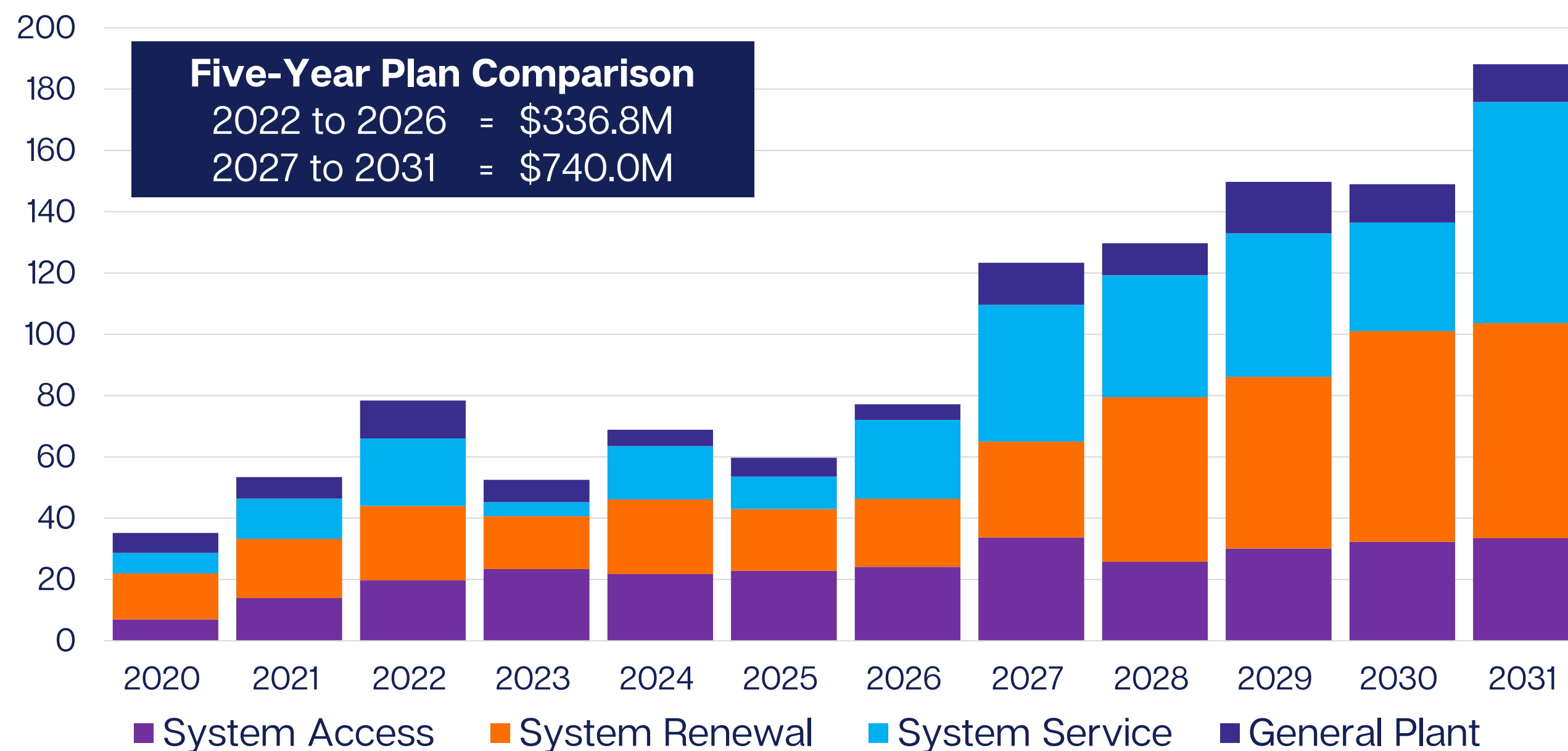
Investment Plan

Capital Expenditures

Historical and Forecast Capital

Ellexicon's plan targets the minimum level of investment required to address reliability and capacity challenges

Net Capital Expenditures (\$M)



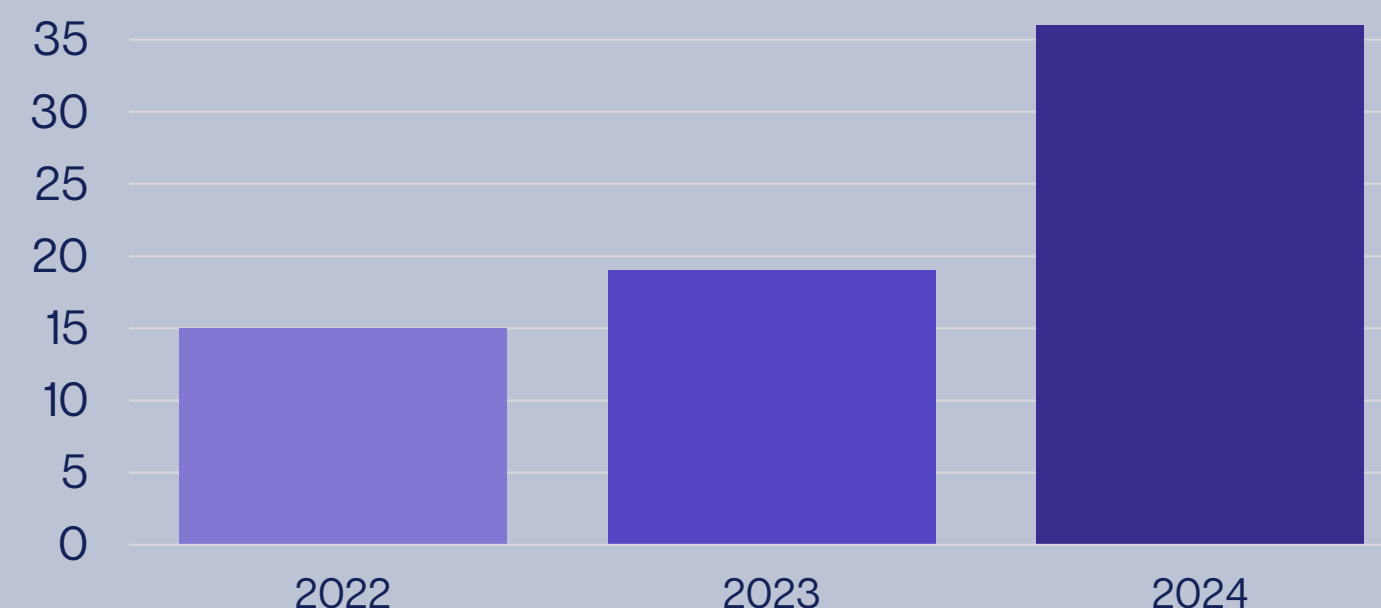
Capital Expenditures: System Access

Ellexicon's service territory is experiencing rapid economic development and housing growth

What We Are Facing

- The number of large customer connection requests **doubled** and the associated load has increased **five fold from 2022-2024** (28 MW to 166 MW).
- **18,000 new customers** expected over rate period.
- **83% of Ellexicon customer meters** are beyond their service life.

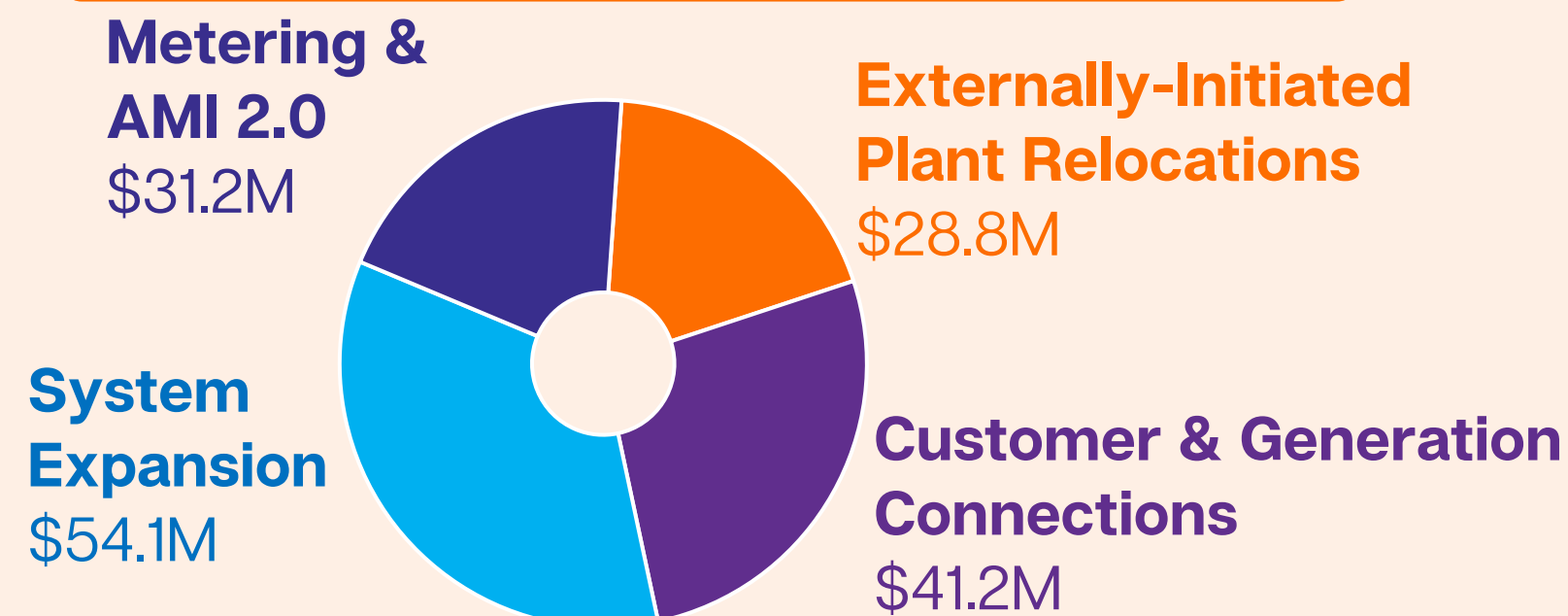
Connection Applications and Inquires >1MW



Needs Addressed

- Support growth
- Meet connection demands
- Modernize meters and systems

Planned Five-Year Investment



Capital Expenditures: System Service

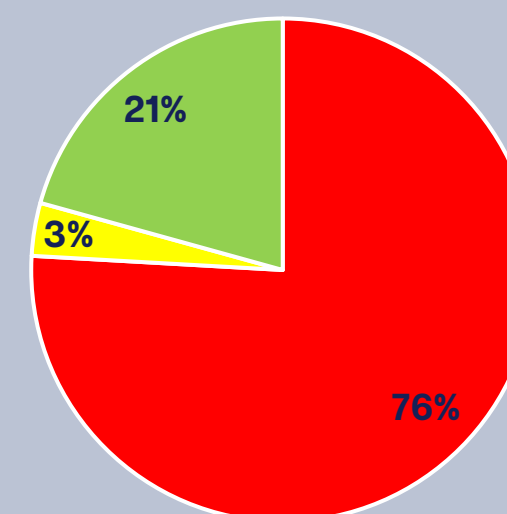
Elexicon's system has significant capacity constraints requiring immediate investment

What We Are Facing

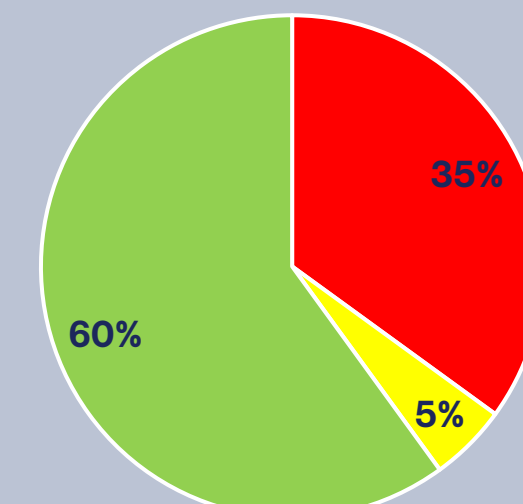
- 75% of Transformer Stations in the Ajax-Pickering-Whitby 44 kV system have **significant overloads**, and all the TS in the region **exceed 100% utilization by 2030**.
- All 23 of the Municipal Substations in this same area have **limited capacity** (between 0 – 1 MVA).
- 72% of feeders in Elexicon's service territory have **no grid automation**, which increases restoration times and affects reliability.

Available Substation Capacity

Current State



End of 2031 - After Investments



■ Limited Capacity (0-1 MVA)
 ■ Moderate Capacity (1 – 2 MVA)
 ■ Acceptable Capacity (2+ MVA)

Needs Addressed

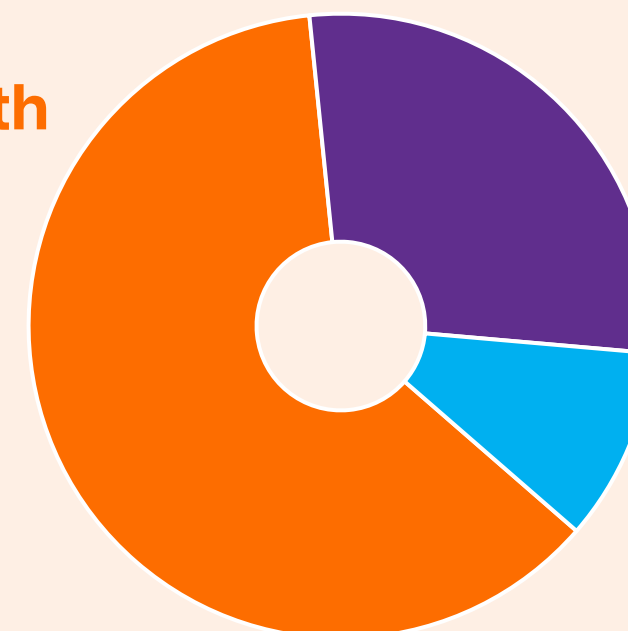
- Drive growth
- Add capacity
- Boost reliability and resiliency

Planned Five-Year Investment

Substation Growth
\$147.3M

Grid Enhancements
\$67.8M

Voltage & System Conversion
\$23.6M



Capital Expenditures: System Renewal

System Renewal investments are critical to mitigating the continued decline in system reliability

What We Are Facing

- 36% are in **fair, poor, or very poor condition** from Asset Condition Assessment results.
- 22% of assets are **at or nearing end of typical useful life.**
- **Defective equipment** is the leading cause of outages and driving declining system performance.



Assets in Fair/Poor/Very Poor Condition	Current State (2025)	End of 2031 After Investments
Stations Assets	32%	27%
Underground Assets	52%	62%
Overhead Assets	31%	37%

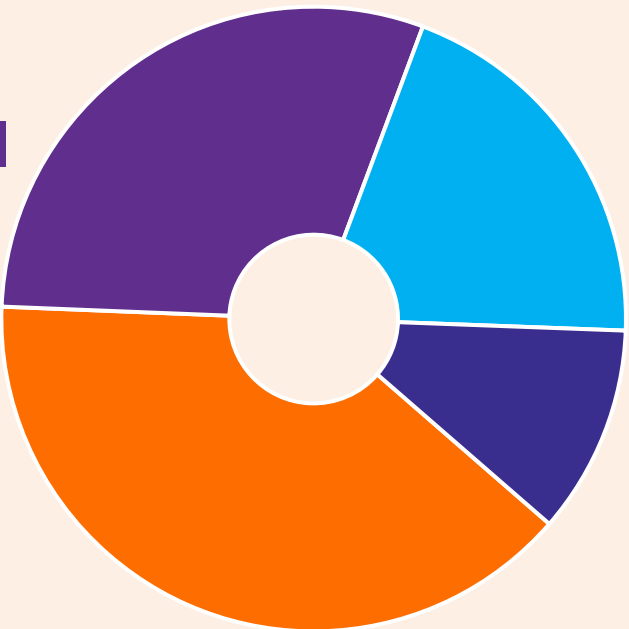
Needs Addressed

- Targeted, high-risk asset replacement
- Prevent high-impact outages
- Reverse the trend of deteriorating reliability

Planned Five-Year Investment

Underground System Renewal
\$84.2M

Substation Renewal
\$109.9M



Overhead System Renewal
\$55.7M

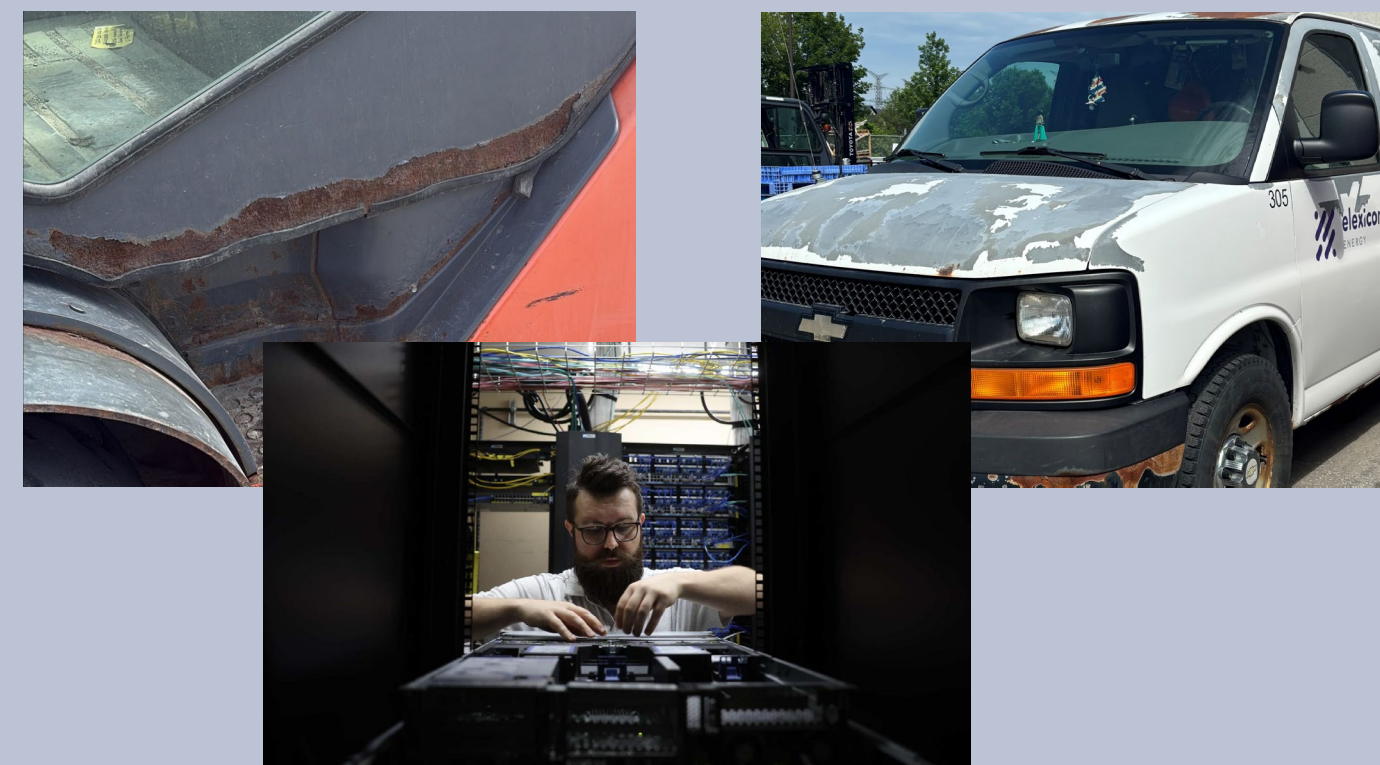
Reactive Capital
\$30.2M

Capital Expenditures: General Plant

Modest investment in infrastructure and fleet required to deliver critical work programs

What We Are Facing

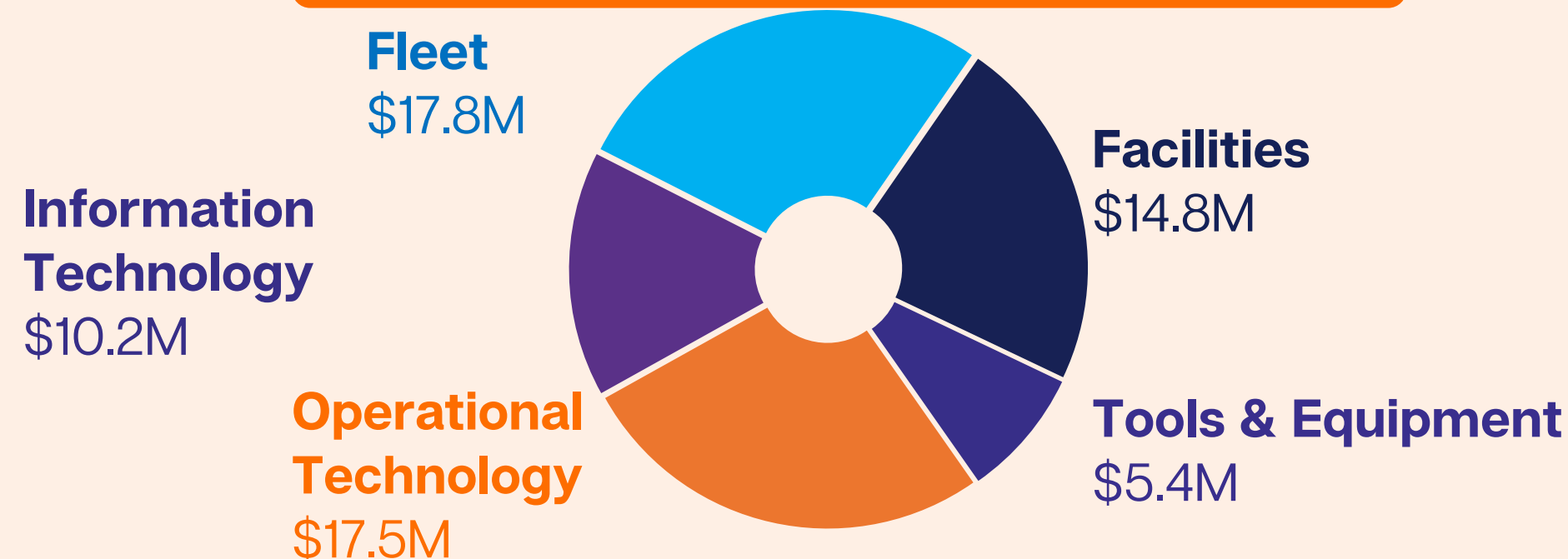
- Elexicon's parking and workstation capacity **has been exceeded at** its Ajax location; capacity to store materials is expected to **be exceeded by 2027**.
- **62%** of IT assets and **88%** of OT infrastructure will exceed typical life cycle by 2031.
- Buildings in **deteriorating condition** posing **operational disruption**.



Needs Addressed

- Advance reliability
- Protect our systems
- Scale and maintain our fleet and facilities for future growth

Planned Five-Year Investment

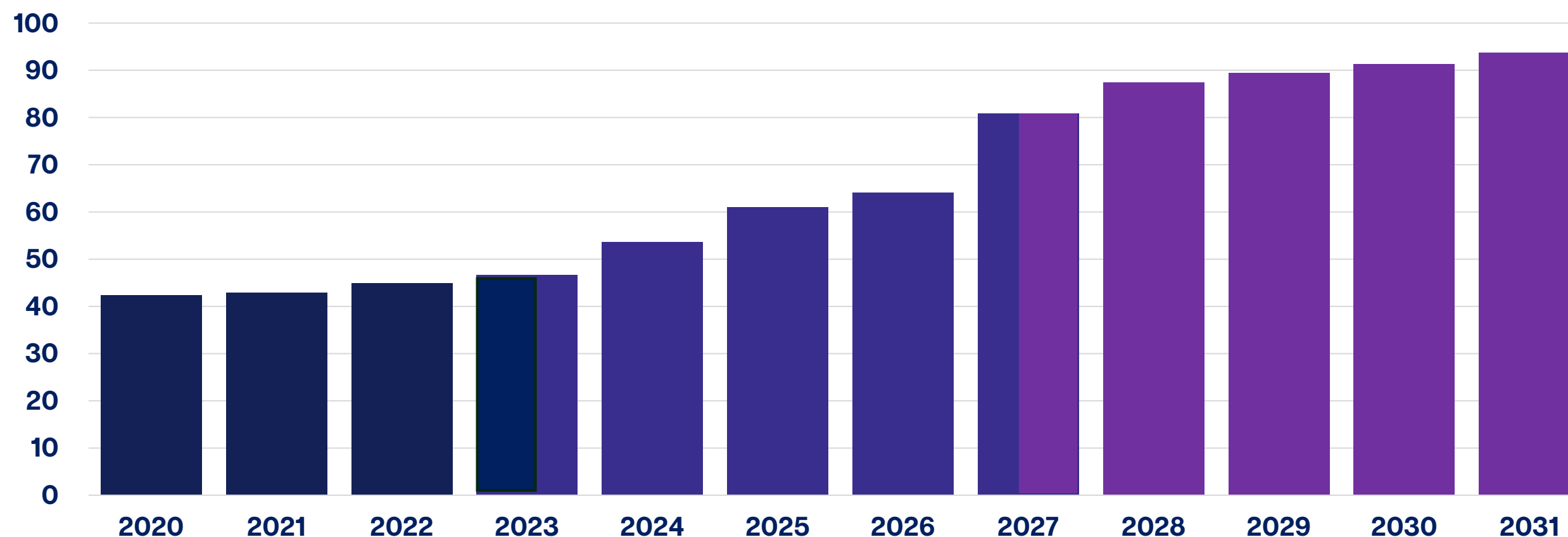


Operations, Maintenance, and Administration (OM&A)

OM&A Overview

OM&A investment in foundational tools and processes to efficiently deliver large work programs

OM&A Actuals and Forecasts (\$M)



2020-
2023

Merger
Synergies
& Pandemic

2023-
2027

Responding
to Business
Conditions

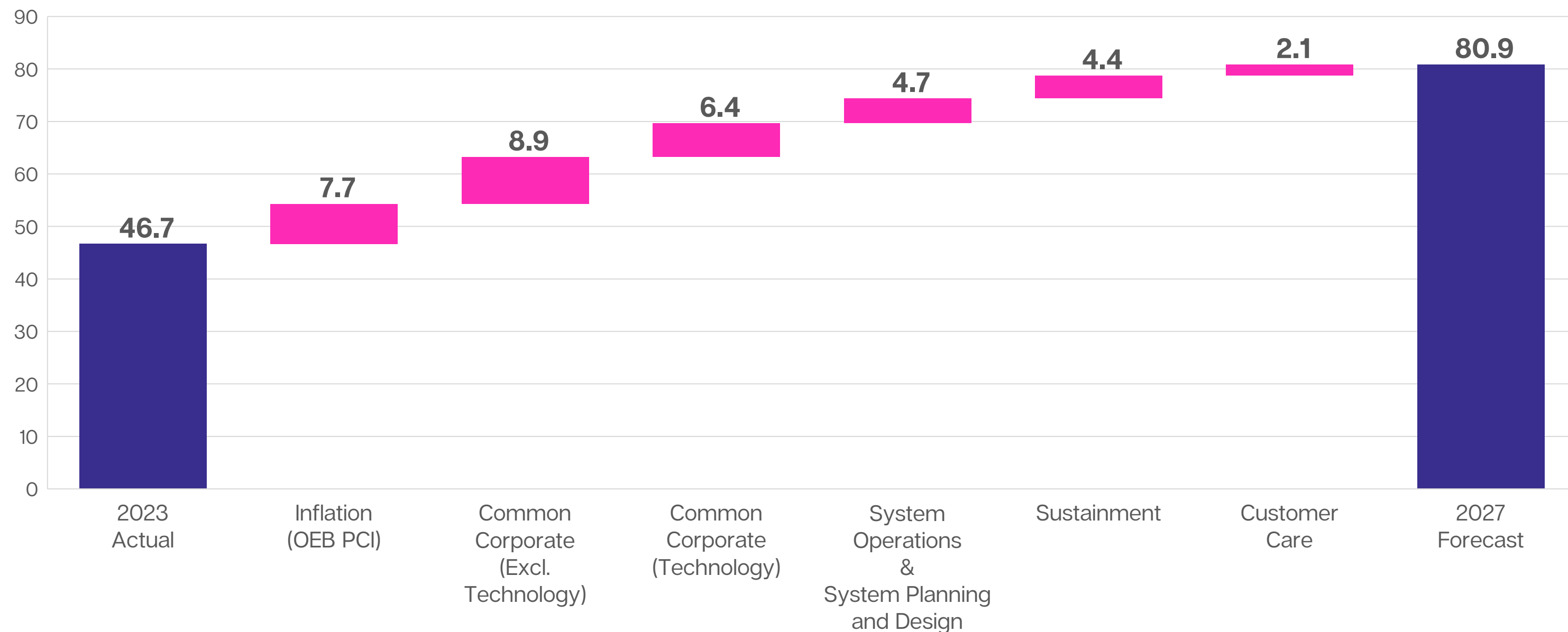
2027-
2031

Paced
Growth

2023-2027 OM&A

Evolving business conditions drive foundational expenditures that allow Elexicon to efficiently scale

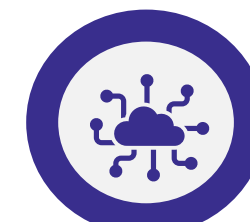
OM&A Growth by Program (\$M)



**Supporting Growing
Work Programs and
Workforce**



**Foundational
Capabilities**



**Growing Risk and
Complexity**



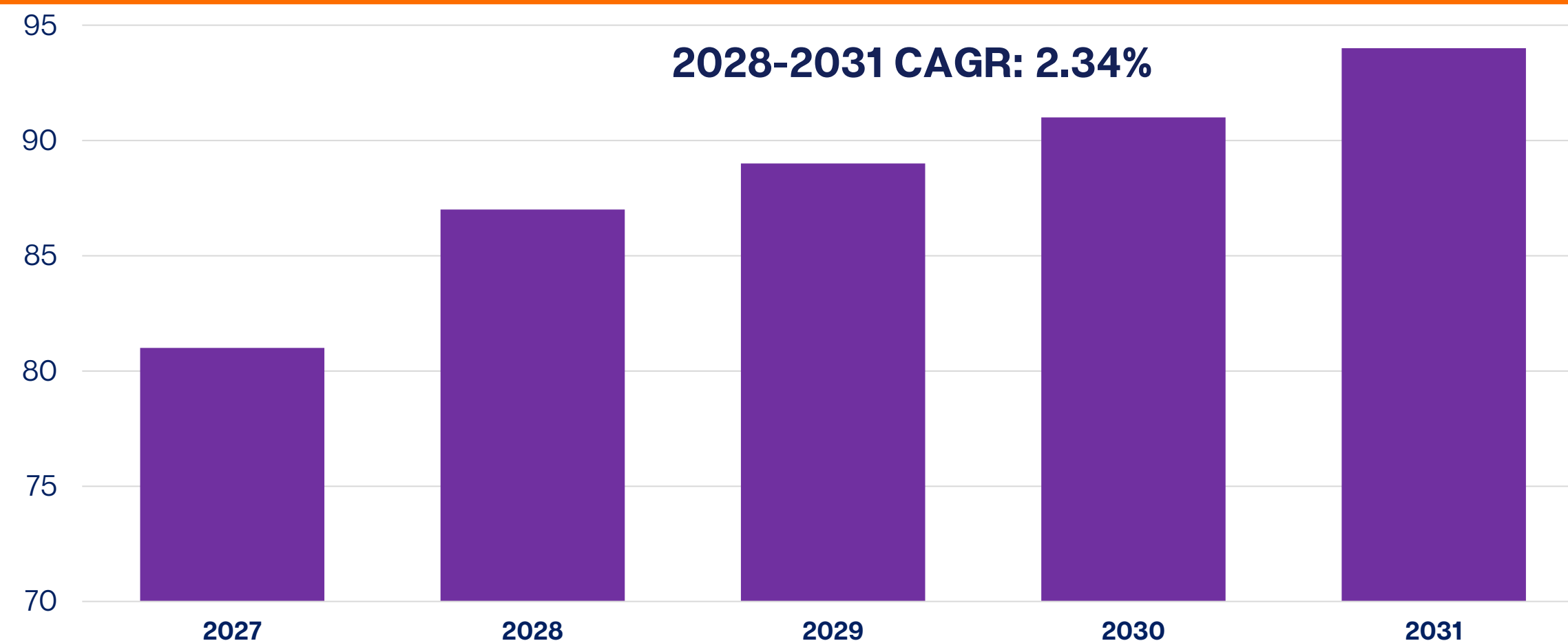
**Evolving Cyber
Risk**

Building the Foundation

2027-2031

Pacing of expenditures: temporary, incremental risk
eases bill impacts

OM&A Forecasts (\$M)



OM&A Investment Deferred From 2027

Maintenance: \$1M
delayed to 2028

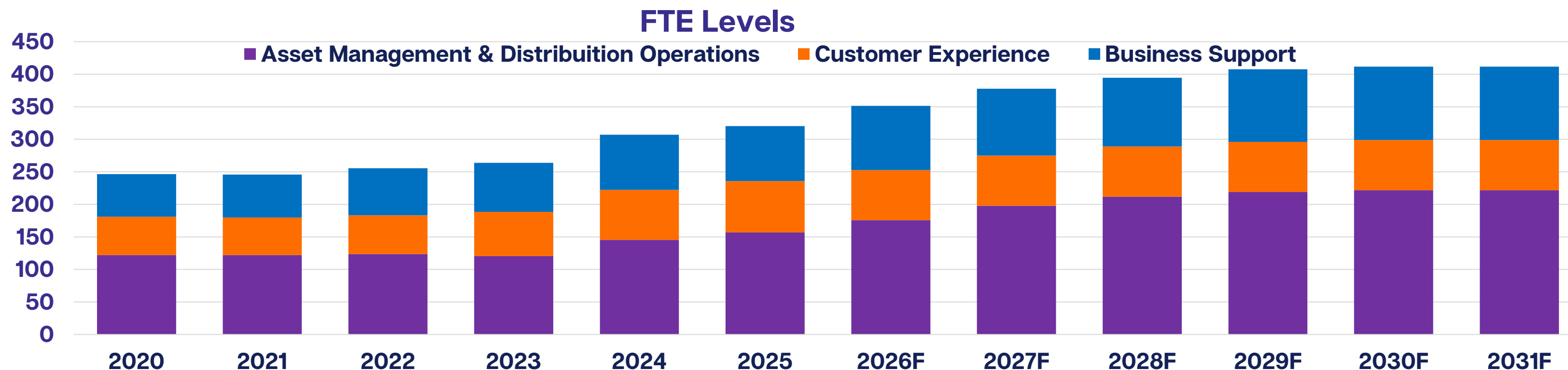
Hiring: \$1.7M delayed to
2028 and 2029

Metering: \$1.6M deferred
to 2028

- 2027 is not a typical rebasing year.
- Elexicon has used paced spending to reduce customer 2027 rate impact.
- With paced spending, the 2027 revenue requirement is \$4.3M (3%) lower.
- For a typical residential customer, this decreases the monthly bill by \$1.41 in 2027.

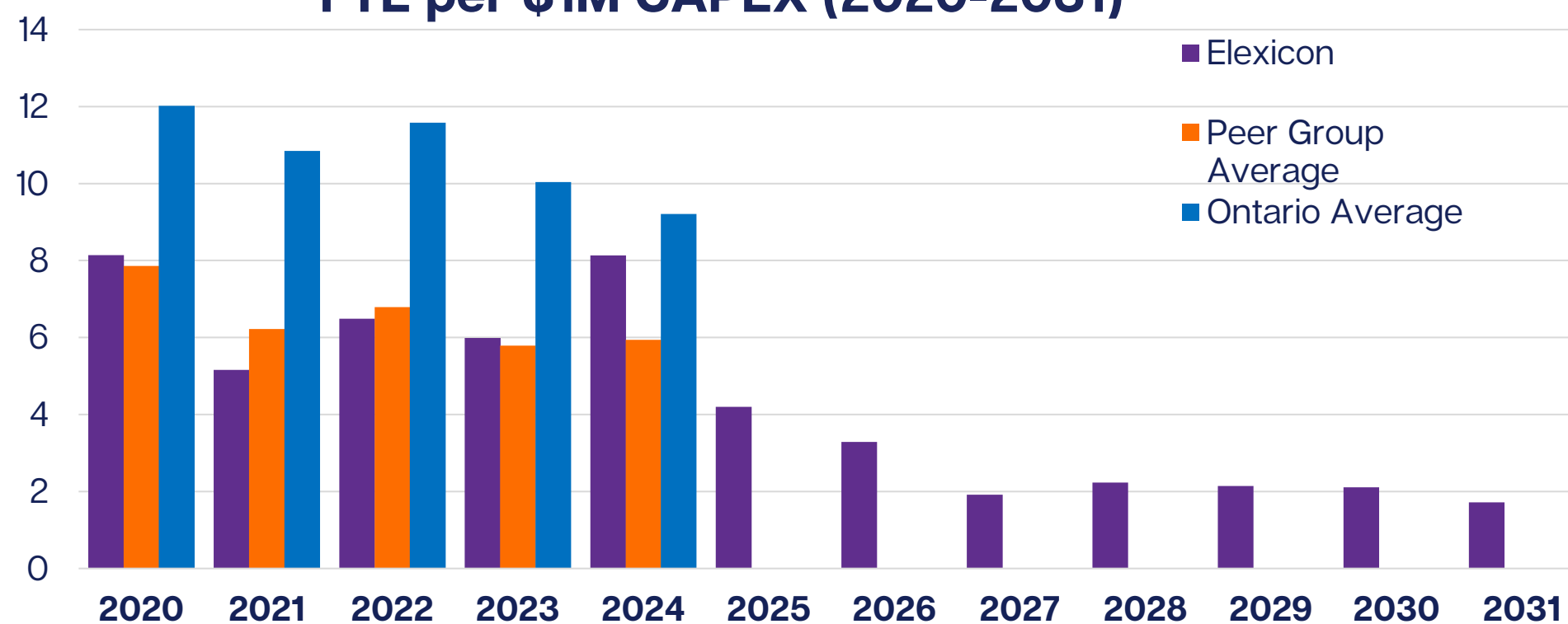
Workforce

Workforce plan enables greater capital delivery despite modest staffing growth

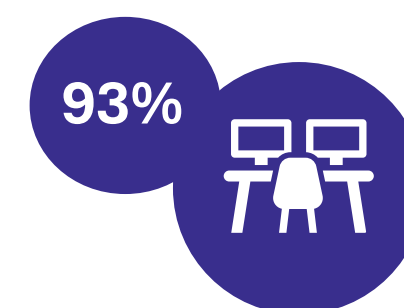


FTE Benchmarking

FTE per \$1M CAPEX (2020-2031)



Compensation Below Market ('P50')



Non-Union
(office workers,
supervisors,
managers, and
directors)



Union
(field staff,
customer care,
procurement,
operators)

Critical IT Project:

Dx NEXT



The Need

Legacy systems expose us to increasing cyber risk, hinder service delivery and our ability to operate efficiently



Customer Service

- **High** cyber risk
- Multiple **manual** processes - batch billing rather than automated
- **Limited** online self-serve options



Distribution Operations

- Communications and outage management systems **at end-of-life**
- **Inefficient** tools for planning, scheduling and dispatching field work



Asset Management

- **Outdated** asset mapping processes and tools
- Multiple and **duplicative** data sources
- **Unintegrated** processes for planning and scheduling



Enterprise & Employee

- Legacy reporting with **little access** to data insights.
- Processes are disparate and manual, each **cumbersome and unscalable**

The Benefits

Critical technology investment addresses risk while enabling growth and productivity



Enhanced Customer Experience

- **Expanded** customer self-service options
- **Improved online access** to account and usage information
- More ways to connect with Ellexicon



Reduced Operating Costs

- Reduced printing and postage from e-bill adoption: **12% reduction** in billing costs



Enables the Growth of the Work Program

- **Mitigates Cyber Security Risk**
- Increased **productivity and scalability** to support growth in work programs
- Procurement efficiencies



Workforce Efficiencies

- **20 FTE Hiring Avoided:**
 - Customer Care
 - Finance
- **\$11.5M Savings**

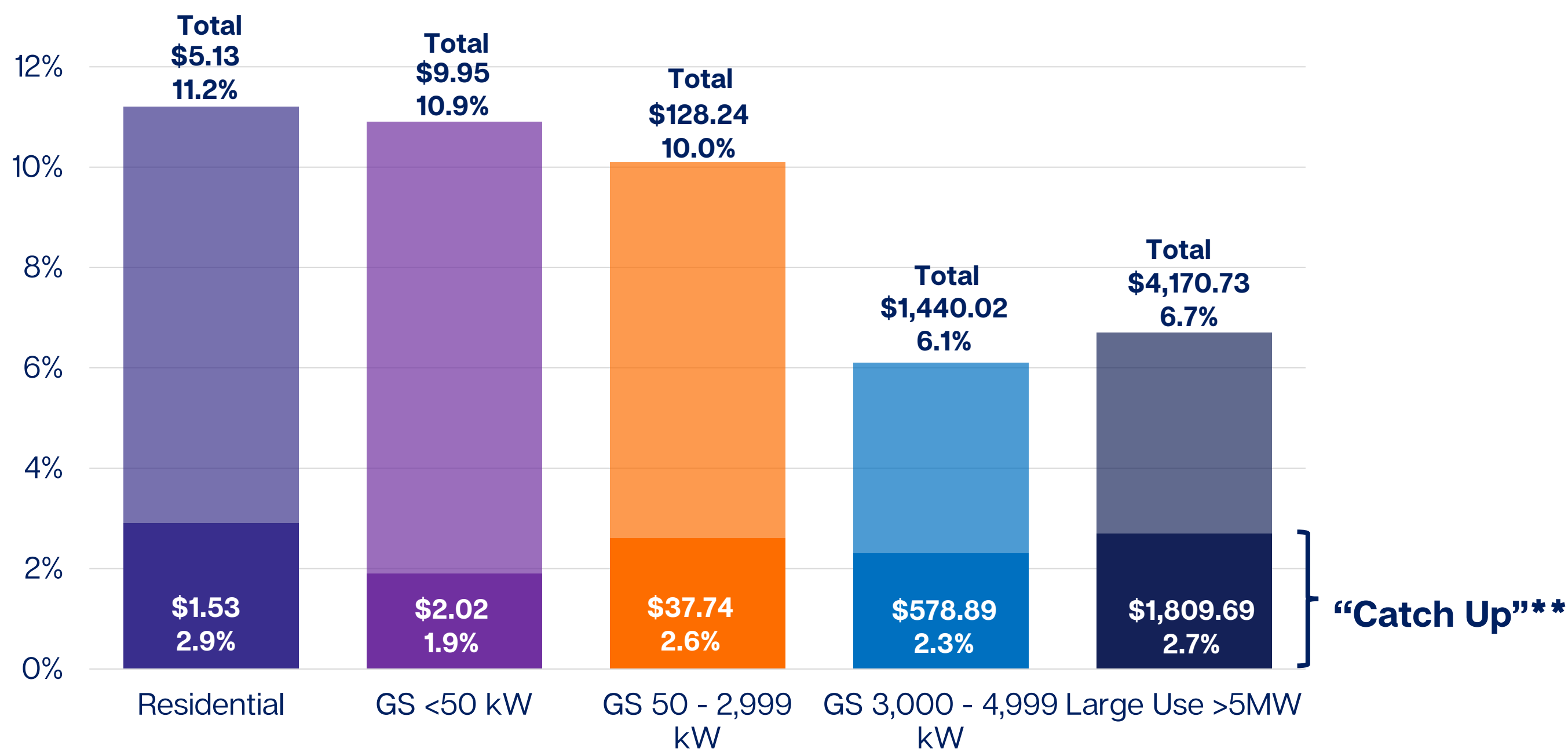
Customer Bill Impact:

**Minimum bill impact to meet customers needs
and preferences.**

Bill Impacts*

Bill impacts fund investment plan and reflect need to align revenues with current cost structures

Five-Year Average Annual Change to Monthly Bill (2027-2031) (%)



*All bill impacts shown reflect Sub-Total A distribution-related charges for a typical customer in each rate class.

** Catch-up described on Slide 13.

Rate Framework

Rate Setting Formula

Custom IR framework designed to meet organizational needs and incent productivity

$$\text{CRCI} = I - X^* + G + \text{IPD}_{\text{OM\&A}} + \text{RGF}$$

**Custom
Revenue
Cap Index**

**Inflation
Factor
2%**

Tracks
inflationary
Pressures**

**Productivity
Factor
0.15%**

Incent
productivity

**Growth
Factor
2.48%**

Reflects
change in
costs arising
from growth in
scale

**Input Price
Differential
0.25%**

Difference in
growth of input
costs above broad
inflationary
measures

**Revenue
Growth Factor
3.28%-5.18%**

Funds OM&A
& capital costs
not covered
by other factors

*Productivity factor based on total cost benchmarking study by Clearspring Energy Advisors.

**Based on OEB inflation factor. To be updated annually.

Deferral Variance Accounts

Keeps utility accountable and preserves our ability to maintain investment across all programs

Earning Share Mechanism (ESM)

Protects customers – additional earnings become credits back to bills

Customer Demand-Related Variance Account

Ensures mandatory work doesn't erode our ability to renew the system

Capital In-Service Additions Variance Account

Protects customers – ensures work is delivered on schedule

New Stations Deferral Account

Enables us to keep pace with upstream system needs and prevent delays in critical infrastructure

Connection Cost Recovery Variance Account

Preserves planned spending for needed renewal instead of unplanned contributions

Non-Wires Solutions (NWS)

Funds NWS when opportunities arise to seize cost effective solutions

Large Load Variance Account

Protects customers and utility from forecast swings

Performance Measurement

Clear targets and transparent reporting holds us accountable for delivering customer outcomes

Performance Outcome	Performance Category	Metrics	Targets
Operational Effectiveness	System Reliability	SAIDI SAIFI FESI-7 (Feeders Experiencing Sustained Interruptions Greater Than 7 per year)	1.54 – 1.57 (by end of 2031) 1.18– 1.20 (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 Typical Useful Life (TUL) Substation Assets Typical Useful Life (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)



Addressing Capacity
Constraints



Enabling Housing and
Economic Development



Restoring Reliability
Performance



Improving Customer
Experience



Ensuring Financial
Viability



Mitigate Customer
Impact

2027-2031 Rate Application

The **Investment Plan** includes the **minimum** level of investment needed to restore reliability, improve capacity, and build the capabilities to serve growth and deliver outcomes that customers value.

Thank you

Questions?

Evidence Overview Presentation References		
Slide #	Slide Title	Source
5	About Us: At a Glance	Exhibit 1, Tab 5, Schedule 3 Exhibit 1, Tab 5, Schedule 1, Appendix A Exhibit 2B, Tab 1, Schedule 1
6	About Us: Operating Environment	Exhibit 1, Tab 2, Schedule 1 JT 1.2-7.1 1-CCC-02
7	Fastest Growing Communities in Ontario	Exhibit 2B, Tab 1, Schedule 1
8	About Us: Company History	Exhibit 1, Tab 2, Schedule 1 Exhibit 1, Tab 4, Schedule 2 Exhibit 1, Tab 4, Schedule 1 (Changes)
10	Key Challenges: Capacity	Ontario Capacity Map – Ontario Energy Board
11	Key Challenges: Reliability	Exhibit 1, Tab 4, Schedule 1
11	Key Challenges: Reliability	4.1-PWU-13
12	Key Challenges: Financial Viability	Exhibit 5, Tab 1, Schedule 2 (2020-2024) 5-VECC-48 (2025) 1-SEC-11 (Catch Up)
15	Planning Process: Customer Needs	Exhibit 1, Tab 7, Schedule 1: Appendix A “Innovative Report”
16	Planning Process: Plan Development	2-CCC-16 Exhibit 2B, Tab 4, Schedule 3, Appendix F JT 4.2
17	Planning Process: Customer Validations	Exhibit 1, Tab 7, Schedule 1: Appendix A “Innovative Report” Exhibit 1, Tab 2, Schedule 1
20	Historical and Forecast Capital	Exhibit 2B, Tab 4, Schedule 3 Exhibit 2B, Tab 1, Schedule 1
21	Capital Expenditures: System Access	Exhibit 2B, Tab 1, Schedule 1 Exhibit 2B, Tab 4, Schedule 3 Exhibit 2B, Tab 4, Schedule 3 Appendix A-D
22	Capital Expenditures: System Service	Exhibit 2B, Tab 1, Schedule 1 Exhibit 2B, Tab 4, Schedule 3 Exhibit 2B, Tab 3, Schedule 2 Exhibit 2B, Tab 4, Schedule 3 Appendix I-K

23	Capital Expenditures: System Renewal	Exhibit 2B, Tab 1, Schedule 1 Exhibit 2B, Tab 4, Schedule 3 Exhibit 2B, Tab 2, Schedule 2 Exhibit 2B, Tab 3, Schedule 2 Exhibit 2B, Tab 3, Schedule 2 Appendix B Exhibit 2B, Tab 4, Schedule 3 Appendix E-H
24	Capital Expenditures: General Plant	Exhibit 2B, Tab 1, Schedule 1 Exhibit 2B, Tab 4, Schedule 3 Exhibit 2B, Tab 4, Schedule 3 Appendix L-P
26	OM&A Overview	Exhibit 4, Tab 1, Schedule 1
27	OM&A: 2023-2027	Exhibit 4, Tab 1, Schedules 1-6 1-SEC-13 Attachment 3 4.1-PWU-07
28	OM&A: 2027-2031	Exhibit 4, Tab 1, Schedules 1-6 1-SEC-13 Attachment 3
29	OM&A: Workforce	Exhibit 4, Tab 2, Schedule 1
31/32	IT Critical Project: Need and Benefits	Exhibit 4, Tab 1, Schedule 6 Exhibit 4, Tab 1, Schedule 6, Appendix A 1-PWU-03 4-CCC-51, Attach 1 JT 3.4
34	Bill Impacts (with Catch Up)	1-SEC-11 10-CCC-70
36	Rate Setting Framework	Exhibit 1, Tab 5, Schedule 1
37	DVAs	Exhibit 9, Tab 4, Schedule 1 (Filed April 2 2026)
38	Performance Measurement	Exhibit 1, Tab 2, Schedule 1 Exhibit 1, Tab 6, Schedule 1 4.1-PWU-13