

2022

LONDON HYDRO



London Hydro Inc.

Annual General Meeting

For the Financial Year Ending December 31, 2022

June 20, 2023

London Hydro Land Acknowledgment

We wish to acknowledge that we are on the traditional territory of many nations. The Attawandaron peoples once settled in this region alongside the Anishinaabeg and Haudenosaunee peoples and used this land as their traditional hunting grounds.

Today, the Anishinaabeg Peoples including Ojibway, Odawa, and Pottawatomi Nations; the Leni-Lunape Peoples including the Delaware and Munsee-Delaware; and the Haudenosaunee Peoples including the Mohawk, Oneida, Cayuga, Onondaga, Seneca, and Tuscarora Nation live in southern Ontario.

The three Indigenous Nations communities closest to London are the Chippewas of the Thames First Nation, the Munsee-Delaware Nation and the Oneida Nation of the Thames.





Many Thanks to Our Retiring Board Members



We thank them for their leadership, exceptional governance and many contributions to London Hydro's success.



They will be missed.

Senior Management

January – December 2022 Board of Directors



Vinay Sharma,
PEng, PhD, FCAE, CDir
CEO



Connie Graham,
BSc, ICDD
Chair

Jac Vanderbaan, PEng, CPA, CMA
VP Operations & Planning

Jack Smit, CPA, CGA
Vice-Chair

Allan Van Damme, PEng, CPA, CMA
VP Engineering & Construction

Gabe Valente, BA, BComm, CPA, CA

Syed Mir, BSc
CIO & VP Corporate Services

Andy Hrymak, BEng, PhD

David Arnold, BSc, MAcc, CPA, CA
CFO, VP Finance & Corporate Secretary

Tania Goodine, BA, MBA

Elizabeth Carswell, BA, MA, BEd
VP Human Resources & Strategic Planning

Guy Holburn, MA, PhD

Michael van Holst, HBSc, BEd

Corrine Rahman, HBA, MA (since November 2022)

Purpose, Vision, and Values

PURPOSE

To deliver safe, reliable electricity and related services.

VISION

London hydro is a high performing electricity distributor, achieved through innovation, customer focus and operational excellence.

VALUES

- Safety
- Employees
- Customers
- Integrity
- Agility
- Sustainability (ESG)

A Successful Year For London Hydro Despite Business Disruptions

*Leaders in Award-Winning
Technology and Innovation*

&

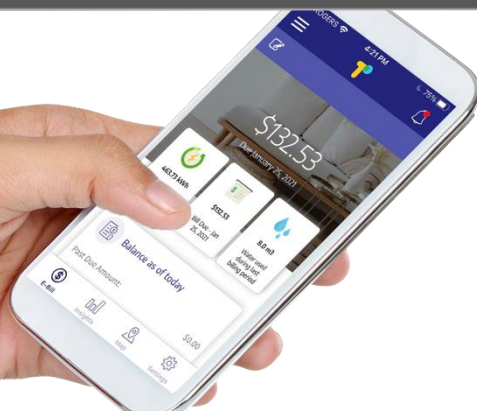
Strong Financial Performance



EDA Awards
The Voice of Ontario's Electricity Distributors

**CSWEEK
2022**

Innovation in Digital Customer Engagement

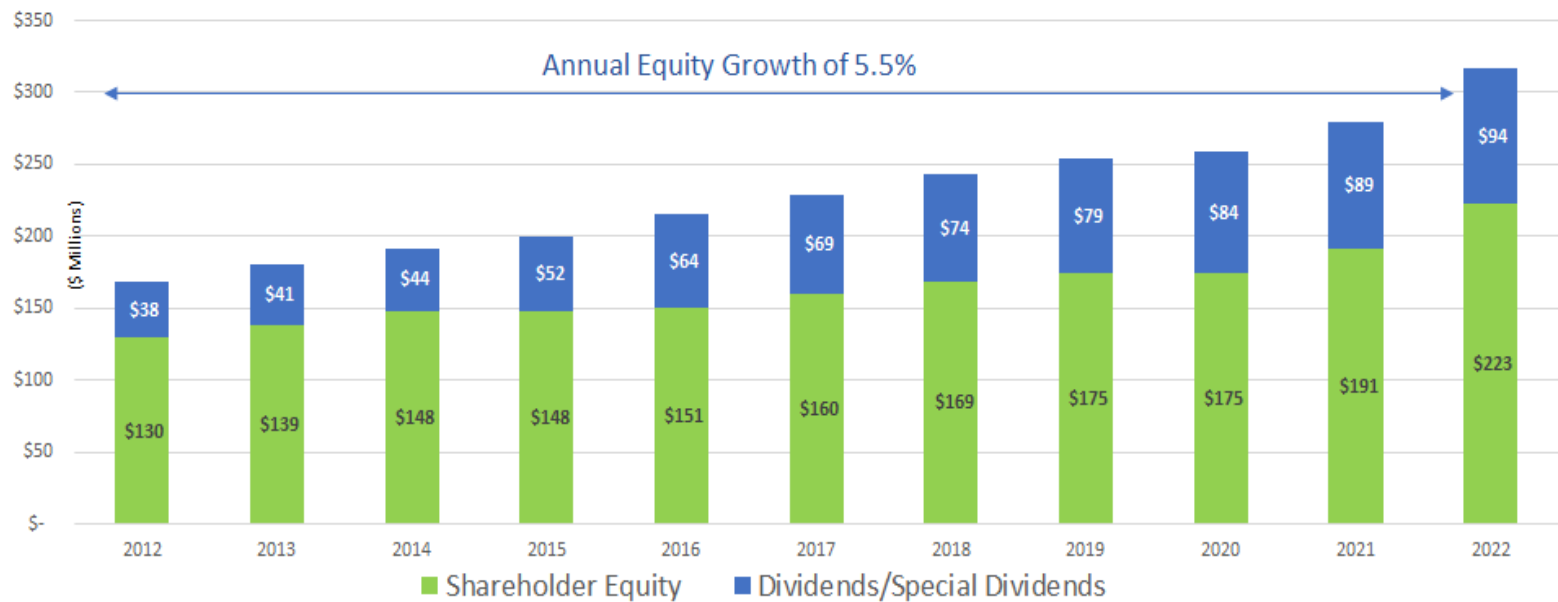


Financial Highlights (\$ in millions)	2022 Actual	2021 Actual
Distribution Revenue	75.3	73.7
Net Earnings	31.4*	20.5
Return on Shareholder's Equity	15.2%*	11.1%
Annual Investments		
Capital Assets	46.4	37.4
Financial Position:		
Total Assets	566.6	521.9
Shareholder's Equity	223.2	191.5
Distributions to the City of London:		
Dividends Declared	5.0	5.0
S&P Credit Rating	A/Stable	A/Stable

* Without the mark-to-market unrealized adjustment, Net earnings are \$11.3M (2021 - \$10.2M) and RoE is 7.2% (2021 - 5.6%)

Growing Shareholder Value

72% (\$93M) growth in Shareholder Equity between 2012 and 2022
+ \$56M in Dividends\Special Dividends since 2012



London Hydro Fulfills Shareholder Objectives

1. Strong Growth in Shareholder Value

- Competitive Rate of Return: RoE 7.2%, excluding mark-to-market adjustment.
- Net assets growth of 4.8%.
- Sustained Annual Dividend to the City of \$5M.
- Since incorporation, \$227M cash flow provided to the Shareholder.

2. Caring for our Customers

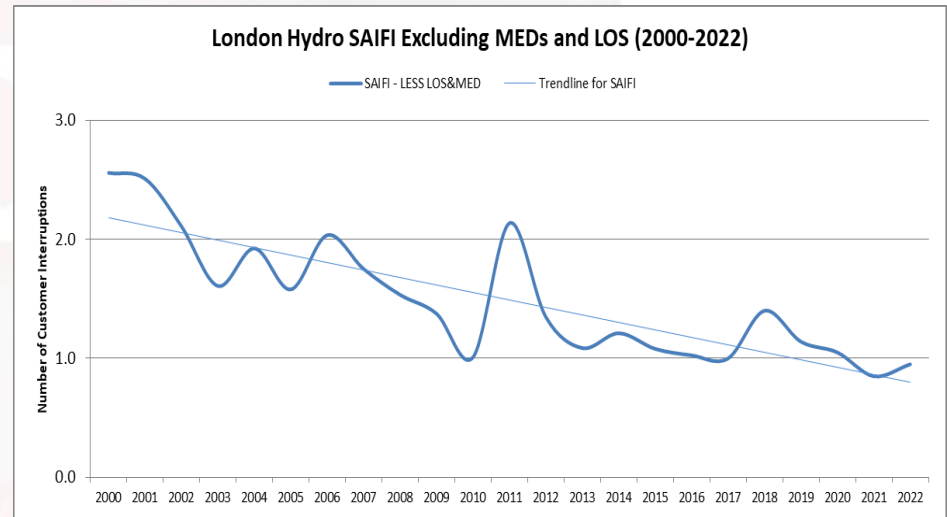
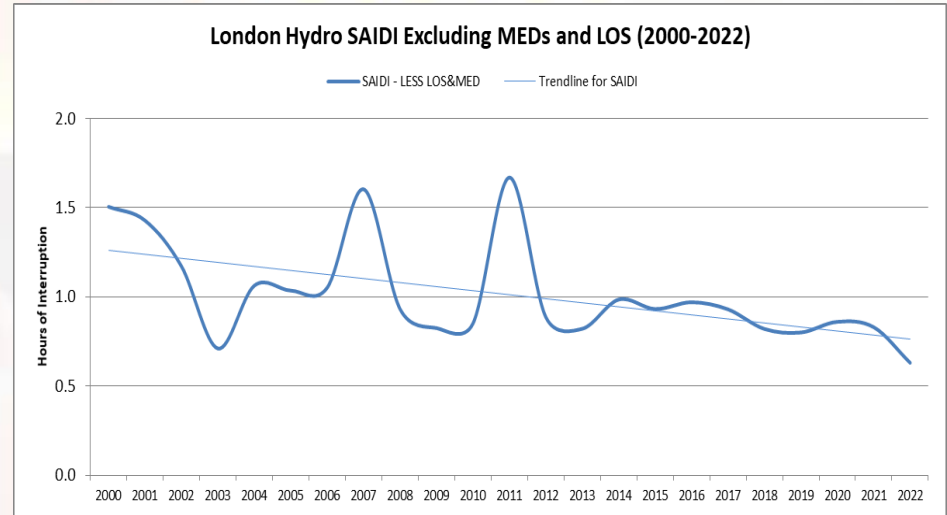
- Cost and rates are again in the lowest quartile among Ontario utilities.
- Consistently high quality and reliability of service.
- High customer satisfaction – 94% (A) for residential and small business customers.
- Continued prudent capital infrastructure investment – modernizing the grid.

3. Industry-Leading Innovation

- CS Week's award for Innovation in Digital Customer Engagement.
- Electricity Distributors Association's (EDA) Performance Excellence Award.
- Independent Electricity System Operator's (IESO) Local Distribution Company Excellence Award, Best in Class for Meter Data Management/Repository (MDM/R) Quality.

London Hydro

Excellent Reliability Performance in 2022



Note:

SAIFI – System Average Interruption Frequency Index

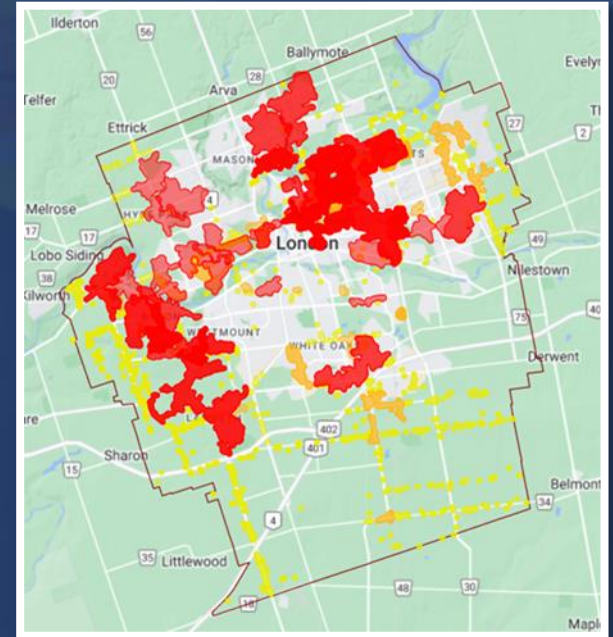
SAIDI – System Average Interruption Duration Index

LOS – Loss of Supply

MED – Major Event Days

Derecho Storm – May 21, 2022

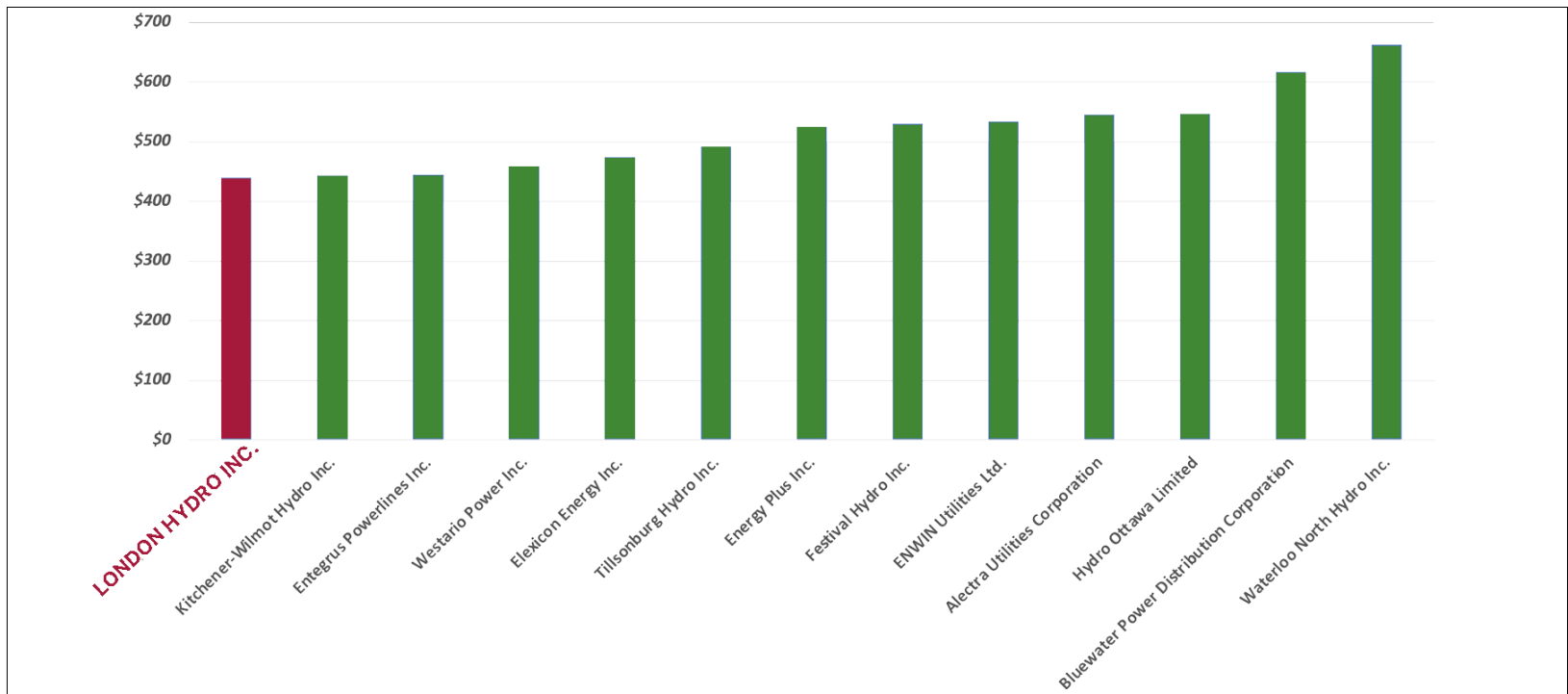
- Two EF1 tornadoes struck London
 - North-East and South side of City
- 57,000 customers affected
 - 18% restored in 2 hours
 - 35% restored in 5 hours
 - 90% restored in 8 hours
- \$411,000 for repairs
- London Hydro deployed crews to Ottawa for one week



London Hydro is a Low-Cost Utility

Cost Per Customer for Peer and Neighbouring Utilities

Annual Average Cost (\$) Per Customer



London Hydro maintains exceptional service of a highly reliable grid for our customers and keeps customers' rates very competitive among Ontario utilities.

33M Capital Investment to Make the Grid Robust, Secure and Resilient

System Resiliency



4kV Conversion

- Adelaide & Fanshawe Park Rd.
- Hyde Park & Riverside Dr.
- Wharncliffe & Baseline Rd.

**Integration of
Distributed Energy
Resources**
(customer owned
renewable
generation)



Capacity



**Provides
additional
capacity to the
Northeast and
Southwest**

**Investing to
increase capacity
for increased
electrification**
e.g. electric vehicle
proliferation



Digital Customers

Continued with digitization and automation of self-service tools for customers

49%

79,733
ACTIVE
PAPERLESS
SUBSCRIBERS
5,032 net new

47,478

REGISTERED
SERVICED
PROPERTIES

2,131

C&I METERS
ON GREEN
BUTTON APPS

61%

99,544
ACTIVE
MYLONDONHYDRO
ACCOUNTS

Usage Data sourced from

Paperless Billing



Greening the Grid

Electric Vehicles and Distribution Grid Sustainability

- Analyzed the impact of mass electric vehicle (EV) adoption on London Hydro's distribution, resulting in upgrades to London Hydro's standards to ensure readiness.

West 5 Microgrid

- London's first net zero community with enhanced resiliency partnered with Sifton Properties, S2E, and NRCan. In progress, with completion in 2023.

Enabling Distributed Energy Resources

- Connected 7 larger and 8 micro generators
- Total 2.8MW generation.

Supporting Operations

- Purchased new fully electric plug-in van, 10 plug-in hybrid electric fleet vehicles, 17 hybrid fleet vehicles, and 19 EV chargers in place.
- Fleet anti-idling technology saved over 11,785 idling hours.
- Diverted 97% of all waste from landfill.
- Initiated building renovations to facilitate projects and return to office. Improved building efficiency and ventilation and HEPA filters.
- Fuel pump replacement project to ensure operational reliability.



**London Hydro
Takes a
Customer
Focused
Approach for
its Services
and is
Accountable to
All of its
Stakeholders**

1. Facilitated large Class A Industrial Conservation Initiative (ICI) program including battery storage installation for industrial clients, expected to yield \$17M in savings to London businesses.
2. General Dynamics was given the Energy Management Leader award by the IESO for the success of our Strategic Energy Management (SEM) program. Under this program, London Hydro helped them save \$160,000 per year.
3. Elevated our health and safety program from COR 2015 to COR 2020 – All of the audits passed successfully.
4. New ESG policy and programs are under development in accordance with Sustainability Accounting Standards Board (SASB) reporting framework. Providing support to the City of London and to London residents and businesses in their ESG journey will be an integral element to our strategy.
5. Modernized our corporate governance, adopting new processes and procedures to become a more effective community organization.

London Hydro is a Strong, Reliable and Innovative Utility

- **Continue Strong Financial Performance**

- A strong Balance Sheet; excellent debt-to-equity ratio; S&P credit rating of A/Stable.

- **Strong Customer Focus**

- Industry leading customer satisfaction rating of 94% for Residential customers.
- High satisfaction level rating of 95% among Commercial & Industrial customers.

- **Valuable Environmental and Community Leadership**

- Advisory services for our customers on energy management and net zero energy programs – assist our customers in decarbonization.
- Continuously planning for increased electrification of the local economy.
- London Hydro provided a total of \$200,000 in Low-income Energy Assistance Program (LEAP) funding to the Salvation Army.
- London Hydro and its employees raised over \$30,000 for local charities. Donated ten computer stations, various kitchen appliances (dishwasher, fridge, stove, washer/dryer and portable air conditioner) and \$740 to the N'Amerind Friendship Centre.
- Our 300+ strong, sincere and committed employees persevere every day to serve Londoners and keep the lights on.