Exhibit 1:

Administration

Table of Contents

1.0 Application

a) The Applicant is ENWIN Utilities Ltd. (also referred to in this Application as "ENWIN" or as the "Applicant"). The Applicant is a corporation incorporated pursuant to the Ontario *Business Corporations Act* with its head office in the City of Windsor. The Applicant carries on the business of distributing electricity within the City of Windsor.

b) The Applicant hereby applies to the Ontario Energy Board (the "OEB" or "Board") pursuant to Section 78 of the *Ontario Energy Board Act, 1998* (the "OEB Act") for approval of its proposed distribution rates and other charges, effective January 1, 2020. A list of requested approvals is set out in Section 1.4.14.

c) The Application has been prepared pursuant to the OEB's Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 (the "RRFE").

d) Except where specifically identified in the Application, the Applicant followed the OEB's Handbook for Utility Rate Applications dated October 13, 2016 and Chapter 2 of the OEB's Filing Requirements for Electricity Distribution Rate Applications dated July 12, 2018 (the "Filing Requirements") in preparing the Application. ENWIN has utilized the OEB's 2019 Cost of Service Models in preparing this Application, as updates to the models for 2020 Cost of Service filers were not available.

e) The Applicant has prepared a Consolidated Distribution System Plan ("DSP") in accordance with the OEB's Chapter 5 Filing Requirements for Electricity Distribution Rate Applications, dated July 12, 2018.

f) The Applicant acknowledges that the OEB will publish an update to the Return on Equity and Short Term Debt Rate and that these matters will affect the Revenue Requirement that the Applicant has requested in this Application.

g) 2018 actual data was not available in time to include with this Application, but the Applicant will provide a complete update as part of its interrogatory responses.

1.1 Table of Contents

1.1.1 Table of Contents

Table of Contents has been included for each Exhibit in this Application.

1.2 Executive Summary and Business Plan

1.2.1 Renewed Regulatory Framework for Electricity

The Board's Renewed Regulatory Framework for Electricity ("RRFE") is designed to support the cost-effective planning and operation of the distribution network and that of the Local

Distribution Company ("LDC") distribution systems. The RRFE takes an integrated and performance-based approach to planning with the four RRFE outcomes as follows;

- **Customer Focus**: services are provided in a manner that responds to identified customer preferences;
- **Operational Effectiveness**: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;
- **Public Policy Responsiveness**: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board); and,
- **Financial Performance**: financial viability is maintained.

This is ENWIN's first application under the RRFE and as such, the organization is committed to supporting the objectives outlined by the Board.

The components of ENWIN's Corporate Strategy have been in place for a number of years and align well with the objectives of the RRFE. The Long Term Corporate Goals as identified in the Strategy are as follows:

- Ensure that the health and safety of our Employees and the Public is ENWIN's first priority;
- Provide a reliable supply of electricity to the residents and businesses of Windsor;
- Protect and grow the value of the utility to our Shareholder.

ENWIN's strategy document presents a hierarchal relationship between the Long Term Corporate Goals and what is necessary to achieve these goals and is summarized in Figure 1 below.

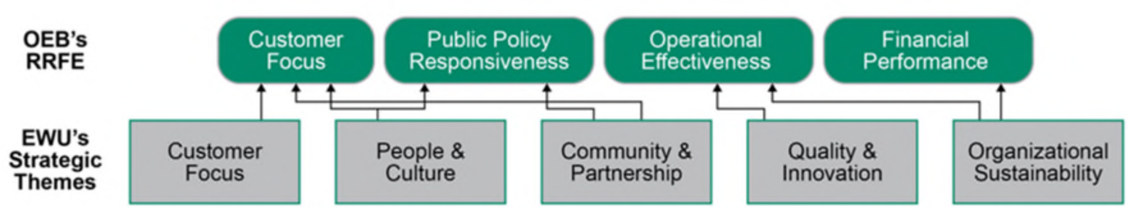


Figure 1: Alignment between ENWIN'S Strategic Themes and the RRFE

1.2.2 ENWIN's Vision, Mission, Business Plan and the RRFE

ENWIN's vision is that ENWIN will be a "**trusted leader in providing exceptional value and services to our customers and stakeholders**." We believe that ENWIN and the ENWIN brand is well respected as Windsor's premium utility service provider. Since the sector has experienced province wide electricity commodity price escalation in recent years, we seek to achieve organizational excellence that surpasses any potential offsetting matters beyond our control and to be and remain the trusted service provider within our service area.

ENWIN's mission is "**to provide safe and reliable energy and water services in a cost effective**

manner." This is our core business and we seek reasonable returns to enhance shareholder value as we prioritize safety and service to our customers and an unwavering commitment to our core values of leadership, accountability and integrity.

Figure 2: ENWIN'S Strategic Compass.

ENWIN's Business Plan references and considers the Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (RRFE) issued and mandated by the OEB in 2012. It further considers the economic, political and regulatory environment and possible uncertainties and risks as of mid-2018 related to the service territory in which ENWIN operates. This Business Plan for 2019 to 2024 provides a consolidation of ENWIN's Vision, Mission, Values and Five Strategic Themes, aligned to the RRFE and it itemizes certain specific goals and objectives.

In addition to executing on the above financial and operational plans, specific additional initiatives, planned for 2019 to 2024, and discussed throughout the Business Plan are presented in alignment with the four areas of the RRFE and ENWIN's Board of Director approved strategic themes and core objectives.

For a copy of ENWIN's business plan, please refer to Attachment 1-A of this Exhibit.

1.2.3 Key Elements of ENWIN's Application

Table 1-1 provides a summary of the key elements of ENWIN's Application, which are further described herein.

	2020 Test Year Proposed
Revenue Requirement	
Service Revenue Requirement	$58,246,170
Revenue Offsets (Other Revenue)	$(4,007,915)
Base Revenue Requirement	$54,238,255
Revenue Deficiency	$3,301,460
Rate Base	$247,972,502
Working Capital	$21,499,345
OM&A (excl. LEAP and Property Taxes)	$29,347,816
Net Capital Expenditures	$19,951,000

TABLE 1-1: Key Elements of the Application

1.3 Customer Summary

ENWIN's Plan

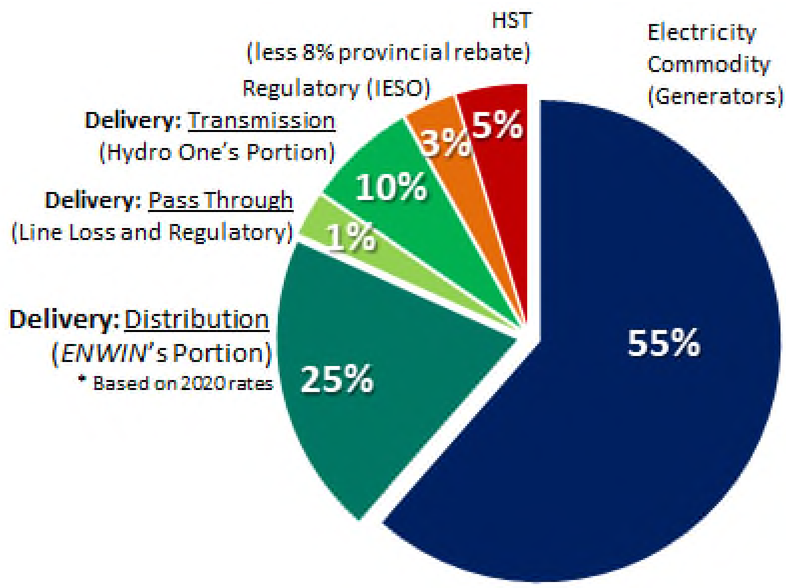
ENWIN Utilities Ltd. ("ENWIN") is the electricity distributor that serves the City of Windsor. ENWIN is the 8th largest LDC in Ontario out of 65 with about 88,000 total customers. We own and operate more than 20,000 poles, 4,600 circuit kilometers of wires and 6,700 distribution transformers needed to deliver power safely and reliability to homes and businesses in Windsor.

ENWIN is proposing a plan that will meet the diverse needs of our customers, and aligns with customer priorities, needs and preferences. ENWIN's plan will allow for appropriate maintenance of the existing system, investment in deteriorating infrastructure, as well as preparation for more extreme weather and cyber threats.

Your Electricity Bill

Every item and charge on your bill is mandated by the provincial government or regulated by the OEB. There are two distinct cost areas that make up the delivery charge on your bill: distribution and transmission.

While ENWIN collects both of these charges, the transmission charge is passed on to Hydro One. ENWIN keeps only a part of the delivery charges on your bill, and several other pass-through charges are remitted to the IESO. The delivery charges that stay with ENWIN make up about 25% of the typical bill for a residential customer who uses 750 kWh of electricity per month.



ENWIN's distribution rates are subject to the review and approval of the Ontario Energy Board ("OEB"). The distribution fees collected from customers solely fund ENWIN's capital investments and operating expenses.

ENWIN is seeking approval for distribution rates for 2020 to fund the plan. The OEB and professional intervenor groups will review the plan in detail through the OEB's hearing process.

For additional details on ENWIN's plan, see Exhibit 1, Section 1.2 Executive Summary and Business Plan.

Customer Engagement

Electricity is an important resource in our customers' daily lives. So as ENWIN developed its proposals for 2020 and beyond, we asked our customers for their input. Customers prioritized price, reliability and safety as their top three priorities, and ENWIN developed its proposals with these priorities in mind. We are in the process of putting the proposals back to customers to confirm that ENWIN has captured the priorities, needs and preferences and struck an appropriate balance between cost and reliability in its proposals submitted with this application.

For additional details on ENWIN's customer engagement, see Exhibit 1, Section 1.7 Customer Engagement.

Cost of the Plan

Funding the plan has impacts to different customer classes which ENWIN serves. For residential customers, the distribution portion of the bill will increase by $0.04 per month, or 0.14%. For small commercial customers, the distribution portion of the bill will decrease by ($2.69) per month, or -3.96%.

A summary of the bill impacts for typical customers in each class is presented, below.

Customer Class	kWh	kW	Distribution (Fixed & Volumetric)				Total Bill (Excluding HST)			
			Current 2019	Proposed 2020	$ Change	% Impact	Current 2019	Proposed 2020	$ Change	% Impact
Residential	750	-	$28.10	$28.14	$0.04	0.14%	$105.76	$106.46	$0.70	0.66%
General Service < 50 kW	2,000	-	$67.93	$65.24	($2.69)	-3.96%	$271.59	$270.05	($1.54)	-0.57%

Outcomes and Performance Measurement

Customers want to know that ENWIN will utilize performance measures to drive and monitor continuous improvement in order to provide customers with value for money. Performance measures at ENWIN are divided into three main sections:

1. Customer Oriented Performance
2. Cost Efficiency and Effectiveness
3. Asset/System Operations Performance

ENWIN Performance Outcome	Measure	Performance Measures
Customer-Oriented Performance	System Reliability	5
	Service Quality	13
Cost Effectiveness and Efficiency	DSP Implementation Progress	1
	Cost Control	1
Assets / System Operation Performance	Safety	4
	Grid Performance	1
Total Measures:		**25**

For additional details on ENWIN's performance, see Exhibit 1, Section 1.8 Performance Measurement.

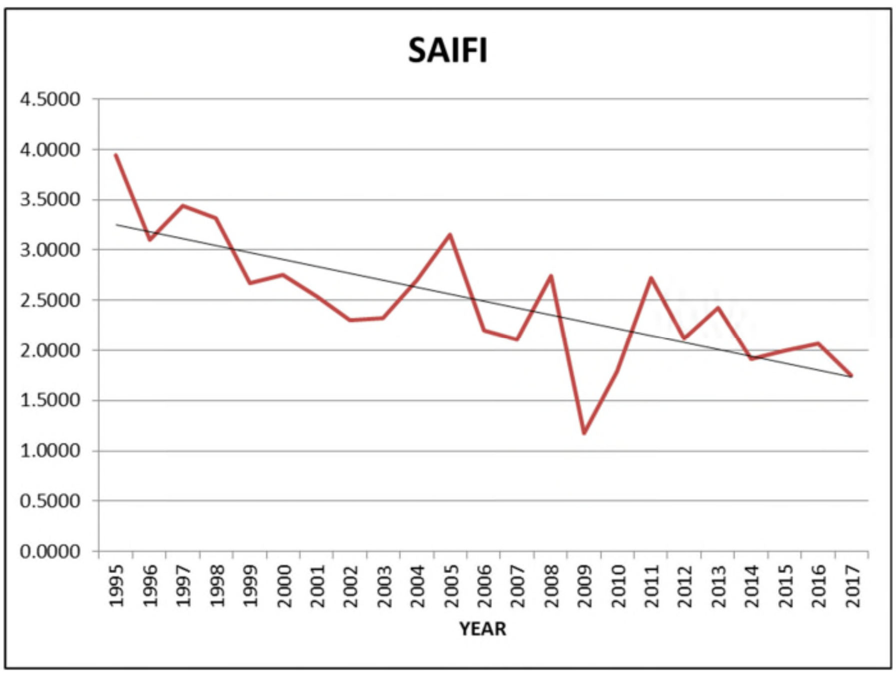
Past Performance and Continuous Improvement

ENWIN's previous plans are working and our performance is consistently meeting expectations. ENWIN continues to exceed industry standards for connecting customers on time, meeting scheduled appointments, answering calls on time and providing accurate bills.

Performance Category	Measure	2013	2014	2015	2016	2017	Industry
Service Quality	New Residential/Small Business Services Connected on Time	99.70%	100.00%	99.10%	100.00%	**100.00%**	90.00%
	Scheduled Appointments Met on Time	100%	100%	100%	100%	**99.80%**	90%
	Telephone Calls Answered on Time	82.20%	86.80%	75.50%	70.70%	**78.20%**	65%
Customer Satisfaction	Billing Accuracy	-	99.86%	99.98%	99.99%	**99.99%**	98.00%

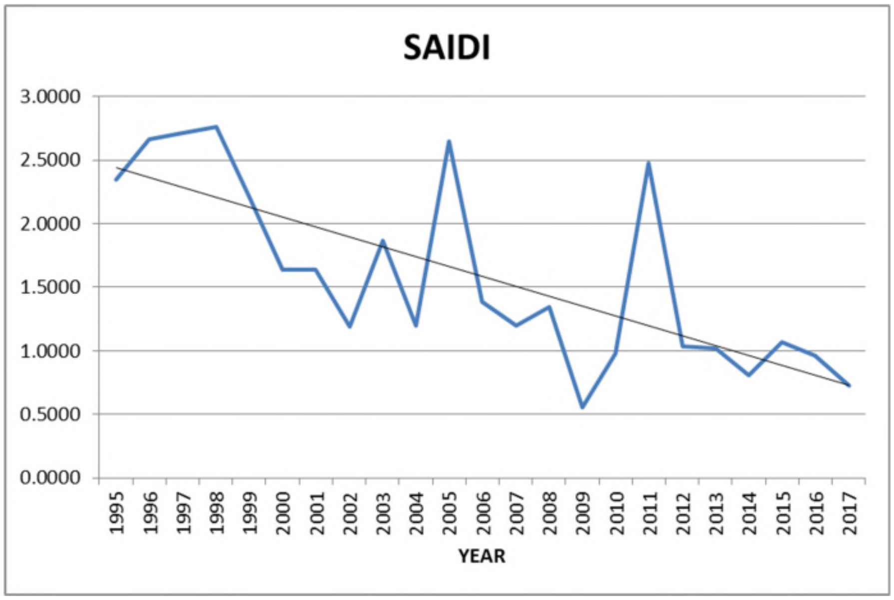
ENWIN's system reliability performance is also improving over time.

SAIFI – System Average Interruption Frequency Index – this is the total number of customers affected by all the outages for the year divided by the total number of customers, or the **average number of times power is interrupted**. This index typically is related to the weather experience for the year as well as the measures (i.e. tree trimming, system self-healing, asset stewardship, etc.) taken by the utility to minimize interruptions.



Long term trending data for SAIFI since 1995 shows the clear downward trend. The overall variation is to be expected as large weather events will cause spikes and drops but the overall trend has been clearly downward.

ENWIN continues to invest in infrastructure and new technologies to minimize customer downtime. ENWIN's System Average Interruption Duration Index ("**SAIDI**", which is the **average number of hours power is interrupted**) shows a clear downward trend. ENWIN's investment in infrastructure renewal and modernization, including automated switches, helps reduce the average time that customers have their power interrupted.



1.4 Administration

1.4.1 Contact Information

The Applicant's address for service:

ENWIN Utilities Ltd.
787 Ouellette Avenue
P.O. Box 1625 Station A
Windsor, Ontario
N9A 5T7
Email: regulatory@enwin.com
Fax: 519-255-7423

Primary Application Contact:
Director, Regulatory Affairs & Corporate Secretary
Mr. Paul Gleason
Telephone: 519-251-7300 ext. 325
Email: pgleason@enwin.com

Contacts:
President and CEO
Ms. Helga Reidel
Telephone: 519-251-7300 ext. 730
Email: ceooffice@enwin.com

1.4.2 Legal and Other Representation

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, Ontario
M5H 4E3

Bruce Bacon
Senior Utility Rate Consultant
Telephone: 416-367-6087
Cell: 416-825-4144
Fax: 416-367-6749
Email: bbacon@blg.com

John Vellone
Partner
Telephone: 416-367-6730
Cell: 416-801-7207
Fax: 416-367-6749
Email: jvellone@blg.com

1.4.3 Internet Address & Social Media

The Application and related materials will be posted on ENWIN's website, and will be available for viewing at the following internet address:

www.enwin.com

The Application will further be communicated to customers and media via Twitter, through the following channel address:

https://twitter.com/ENWINUtilities or username @ENWINUtilities

The Application will also be available on the Board's website at:

www.ontarioenergyboard.ca, under Board File Number EB-2019-0032.

1.4.4 Affected Customers & Publication

The persons affected by this Application are the ratepayers of ENWIN who reside within the City of Windsor. This includes residents, businesses and institutions within ENWIN's service territory.

ENWIN understands that the Board has implemented a new publication process that no longer requires the distributor to publish the notice of hearing. As such, ENWIN recommends that the notice of application be published in the primary publication (the Windsor Star newspaper) for the City of Windsor in order to reach out to the affected customers. The Windsor Star is a paid 5 day per week (Tues. to Sat.) publication serving the Windsor community and has an average circulation of approximately 49,312 [1]per day.

1.4.5 Proposed Venues for Community Meeting

ENWIN is proposing Collavino Hall, located at the Windsor Family Credit Union Centre, 8787 McHugh Street, Windsor, ON, N8S 0A1. The venue offers free parking, and Transit Windsor bus service. ENWIN is proposing the following dates as potential dates for the Community Meeting: June 4th, 5th or 6th; or June 11th, 12th or 13th.

1.4.6 Bill Impacts for Publication

In accordance with the filing instructions, ENWIN confirms that it has used 750 kWh per month for residential customers and 2000 kWh per month for general service <50 kW customers in its bill impacts calculation for its notice of application. The bill impacts that result only from distribution cost changes per sub-total A of the Tariff Schedule and Bill Impacts Model are illustrated in the chart, below.

Customer Class	kWh	kW	Distribution (Fixed & Volumetric)			
			Current 2019	Proposed 2020	$ Change	% Impact
Residential	750	-	$28.10	$28.14	$0.04	0.14%
General Service < 50 kW	2,000	-	$67.93	$65.24	($2.69)	-3.96%

1.4.7 Form of Hearing

The Applicant requests that this Application be disposed of by way of a written hearing.

1.4.8 Effective Date

ENWIN requests that the Board make its Rate Order effective January 1, 2020 in accordance with the Filing Requirements.

In the event that the Board is unable to provide a Decision and Order in this application for implementation by the Applicant as of January 1, 2020, the Applicant requests that the Board declare its current rates interim, effective January 1, 2020, pending the implementation of the Board's Rate Order for the 2020 rate year.

In the event that the effective date does not coincide with the Board's decided implementation date for 2020 distribution rates and charges, ENWIN requests permission to recover the incremental revenue from the effective date to the implementation date.

1.4.9 Changes in Methodologies

The methodologies used in this Application are generally consistent with those applied in ENWIN's former 2009 Cost of Service. ENWIN has made changes as required as the Filing

[1] https://nmc-mic.ca/about-newspapers/circulation/daily-newspapers/

Requirements have evolved since the 2009 Cost of Service Application. In addition, this Application has been prepared in accordance with MIFRS.

1.4.10 Board Directives

ENWIN has not received any other utility-specific directions from the Board since submitting its last Cost of Service application (EB-2008-0227) for May 1, 2009 distribution rates.

1.4.11 Conditions of Service

The current version (September 4, 2018) of ENWIN's Conditions of Service is available on ENWIN's website at:

https://enwin.com/regulatory-information/

ENWIN confirms that there are no rates or charges listed in the Conditions of Service that are not on the Tariff of Rates and Charges.

1.4.12 Corporate & Utility Organizational Structure

The Corporation of the City of Windsor (the "City") is a municipality in the Province of Ontario. The City is the sole shareholder of Windsor Canada Utilities Ltd. ("Windsor Canada").

Windsor Canada is the parent company and sole shareholder of ENWIN Utilities Ltd. ("ENWIN") and ENWIN Energy Ltd. ("EWE"). Windsor Canada holds 2 of 7 seats on the ENWIN Board of Directors. The remaining five directors meet the requirement of section 2.1.2 of the Ontario Energy Board's *Affiliate Relationships Code for Electricity Distributors and Transmitters* ("ARC") that for ENWIN "at least one-third of its Board of Directors is independent from any affiliate". "Affiliate" has the meaning set out in corporate law. It is noted that the OEB is considering regulating a greater level of independence (i.e. greater than 50%), but this has not yet been enacted as of the date of filing this Application. Windsor Canada and ENWIN share senior management services.

ENWIN is the Applicant and a local distribution company licensed and regulated by the Board. ENWIN provides senior management and corporate services to the Windsor Utilities Commission and EWE. ENWIN provides corporate services to the City.

EWE is an Ontario business corporation that is not regulated by the Board. EWE engages in ancillary energy services such as street lighting maintenance and sentinel lighting.

Table 1-2 outlines the current organizational structure. ENWIN has not planned for changes in corporate or organizational structure.

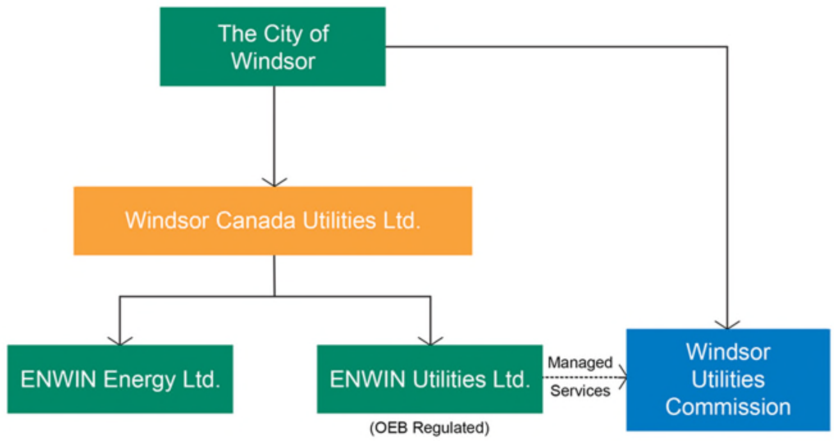


TABLE 1-2: CORPORATE ORGANIZATION STRUCTURE

The executive team at ENWIN comprises the President & Chief Executive Officer, the Vice President of Finance & Chief Financial Officer, the Vice President of Hydro Operations, the Vice President of Water Operations and the Vice President of Shared Services & COO. There are no planned changes to corporate or operational structure, including no planned changes to legal organization or control.

The following table represents the organizational structure.

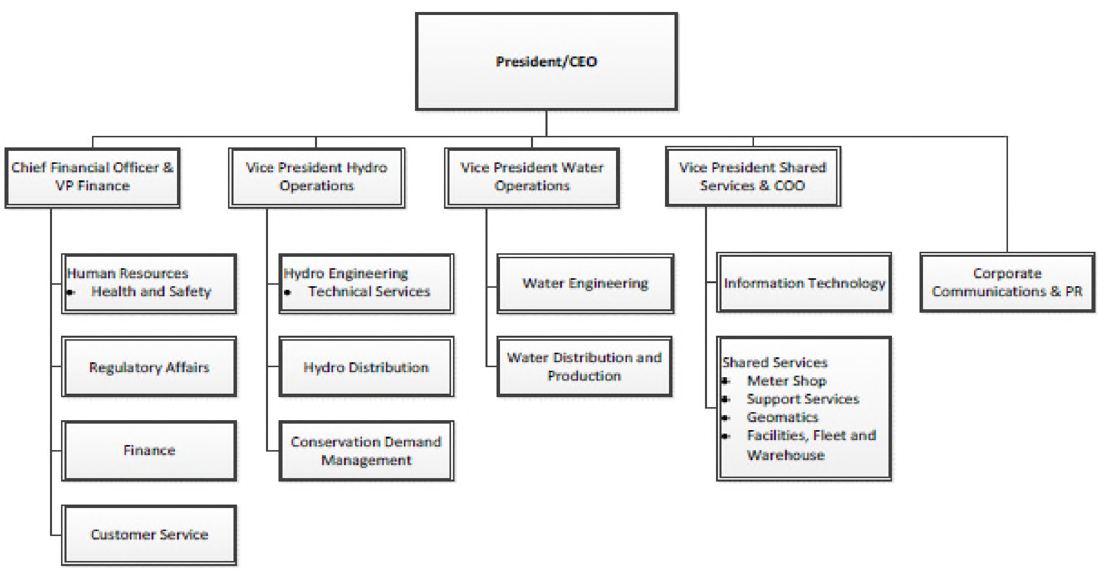


TABLE 1-3: ENWIN ORGANIZATION STRUCTURE

The ENWIN Group of Companies is composed of three corporations, each of which has its own board. The Corporation of the City of Windsor is the ultimate shareholder for the ENWIN Group. The City holds 100% of the shares in Windsor Canada Utilities. Windsor Canada holds 100% of the shares in each of ENWIN Energy Ltd. and ENWIN Utilities Ltd.

The Windsor Utilities Commission is an affiliate of the ENWIN Group and has deeply interwoven historic and contemporary connections with the ENWIN Group through shared Management, Financing, and Water System Responsibilities.

1.4.13 Board of Directors and Independence

Per the OBCA, the ENWIN Directors are appointed by the ENWIN Shareholder, Windsor Canada. City Council may decide to nominate a number of candidates for the positions of ENWIN Directors, to the Windsor Canada Board.

As of March 5, 2019, the composition of the ENWIN Board of Directors was:

City Council – Mayor Drew Dilkens
City Council – Councilor Jo-Anne Gignac
Independent – Garnet Fenn*
Independent – Leo Muzzatti*
Independent – Andrea Orr*
Independent – Abe Taqtaq*
Independent – George Wilkki*
* Also qualifies as an Independent for the purposes of complying with OEB regulation

In order to ensure alignment with the Shareholder, two of the Directors on this Board are members of Windsor Canada. As of March, 2019, these were Drew Dilkens, and Jo-Anne Gignac. As noted above, a greater number of independent board members are being considered by the OEB and this may be regulated in the near future.

In order to be compliant with the OEB Affiliate Relationships Code, 1/3 of the Directors on this Board may not serve on any affiliate Board, including City Council, Windsor Canada, EWE, or Windsor Utilities Commission. As of March, 2019, ENWIN has five independent directors, so exceeds the current independence requirements.

The Board of Directors has the authority and obligation to protect and enhance the assets (tangible, intangible, human resources) of ENWIN in the interest of the stakeholders (Shareholder, customers, employees, suppliers, and community) and is responsible under law for overseeing the actions of management.

It is recognized that Directors are appointed by the Shareholder but the Board as a whole and individual Directors are not to represent a particular constituency but rather the stakeholders as a whole. The Board and the Directors are solely accountable to ENWIN.

1.4.14 List of Specific Approvals Requested

In this proceeding, ENWIN is requesting the following approvals:

1. Approval to change the rate year to January 1 to December 31 from May 1 to April 30, in order to align with financial and other reporting.
2. Approval to charge distribution rates effective January 1, 2020 to recover a service revenue requirement of $58,246,170 which includes a revenue deficiency of $3,301,461

as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.

3. Approval of the consolidated DSP as outlined in Exhibit 2, Attachment 2-A.
4. Approval to eliminate the General Service 3,000 to 4,999 kW rate class and move the three (3) existing customers to the General Service > 50 kW to 4,999 kW rate class, as discussed in Exhibit 7.
5. Approval to eliminate the Large Use – Ford Annex rate class, and move the one (1) existing customer to the Large Use – 3TS rate class, as discussed in Exhibit 7.
6. Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
7. Approval to use gross load billing for Retail Transmission Rates – Line and Transformation Connection Service Rates for customers who have eligible load displacement generation as described in Exhibit 8.
8. Approval of the proposed loss factors as detailed in Exhibit 8.
9. Approval to continue to use the Transformer Allowance as described in Exhibit 8.
10. Approval to charge the Smart Metering Entity Charge, Wholesale Market Service Rate, Rural or Remote Electricity Rate Protection Charge, Standard Supply Service Charge, and microFIT monthly service charge as detailed in Exhibit 8.
11. Approval to charge the Specific Service Charges, including the new Cellular Meter Read Charge, as detailed in Exhibit 8.
12. Approval to charge Retail Service Charges as detailed in Exhibit 8.
13. Approval of the rate riders for disposition of the Group 1 and Group 2 and Other Deferral and Variance Accounts as detailed in Exhibit 9. Included in the Deferral and Variance Accounts to be approved are accounts that are either new accounts or specifically directed by the OEB to be established by ENWIN.
14. Approval of the rate rider for a one year disposition of the Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) for lost revenue as presented in Exhibits 4 and 9 of this Application.
15. Approval to charge the Board’s updated Pole Attachment Charge, effective January 1, 2020.
16. In accordance with Section 2.1.5 of the Filing Requirements, and pursuant to Section 84 of the *Ontario Energy Board Act, 1998*, the Applicant hereby requests that the OEB continues to deem ENWIN’s high voltage assets identified in Section 1.5.3 of the Application as distribution assets.

ENWIN may request such other approvals as counsel for ENWIN may submit and the Board may allow. ENWIN has completed OEB Appendix 2-A List of Requested Approvals, which is included at Attachment 1-B of this Exhibit.

1.4.15 List of Abbreviations

A comprehensive list of commonly used abbreviations used throughout this application and the electricity distribution industry can be found in Attachment 1-C of this Exhibit.

1.4.16 Certification of Evidence

For ENWIN's Certification of Evidence, please refer to Attachment 1-D of this Exhibit.

1.4.17 Filing Requirements Checklist

ENWIN has completed the OEB's Cost of Service Filing Checklist. Please refer to Attachment 1-E of this Exhibit.

1.4.18 Confidential Information

ENWIN has considered the Board's expectations regarding the practice direction regarding confidential information.

1.4.19 Chapter Two Appendices

ENWIN has filed chapter two appendices in live excel format.

1.4.20 Searchable PDF

ENWIN has confirmed pdf documents are text searchable and bookmarked.

1.4.21 Application Document

ENWIN confirms that it has sent two hardcopies of this Application to the Ontario Energy Board.

1.4.22 Deviation from Filing Requirements

ENWIN has not, to the best of its knowledge, deviated from the Board's Filing Requirements.

1.4.23 Distributor Consolidation

ENWIN confirms that it has not amalgamated with another distributor since it was last rebased.

1.4.24 Letters of Comment

As of the date of filing this Application, no letters of comment have been received. ENWIN will file all responses to matters raised in letters of comment filed with the Board during the course of the proceeding in this Exhibit 1, in accordance with Section 2.1.7 of the Filing Requirements.

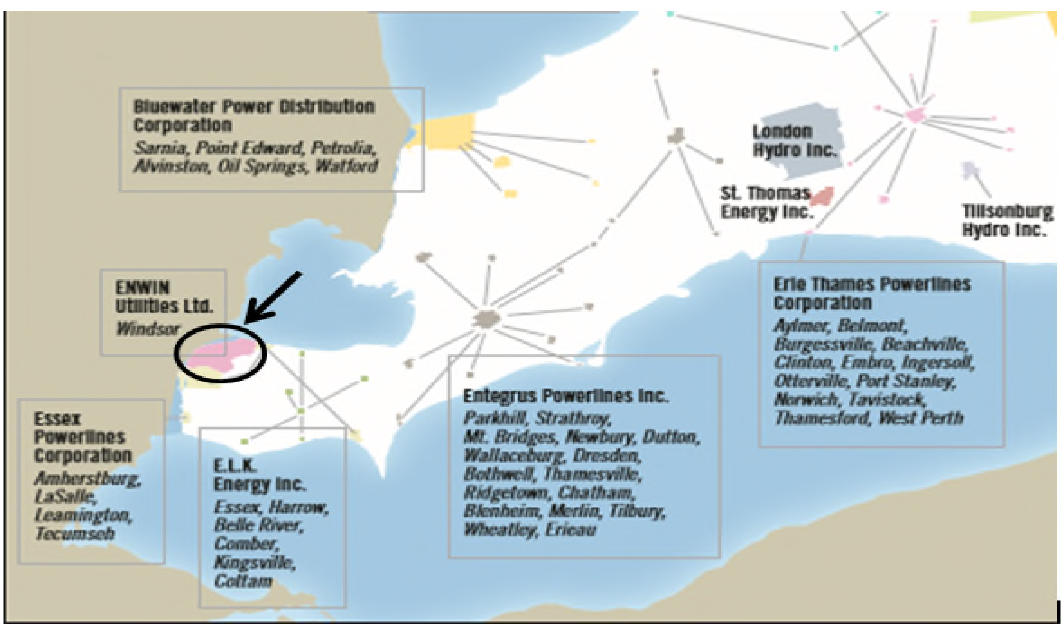
1.5 Distribution System Overview

1.5.1 Overview of Service Area

ENWIN is the Local Distribution Company (LDC) in the City of Windsor. ENWIN has approximately 88,000 residential, commercial and industrial customers including major manufacturing facilities owned by automotive industry original equipment manufacturers. ENWIN's service territory covers 120 square kilometers of urban area and is more specifically described in ENWIN's distribution license (ED-2002-0527) as encompassing the following:

- The City of Windsor as of December 31, 2002.
- Part of Lot 146, Concession 2, Geographical Township of Sandwich East, City of Windsor, County of Essex.
- Part of Lots 145 and 146, Concession 1, geographical Township of Sandwich east, now part of the City of Windsor, County of Essex, Lots 1 through 74 inclusive as shown on plan 12M.
- Part of PIN 01408-2026(LT) designated as part 7 on Plan 12R24449, City of Windsor and located at the municipal address known as 6000 County Road 42 in the City of Windsor, N8N 2M1

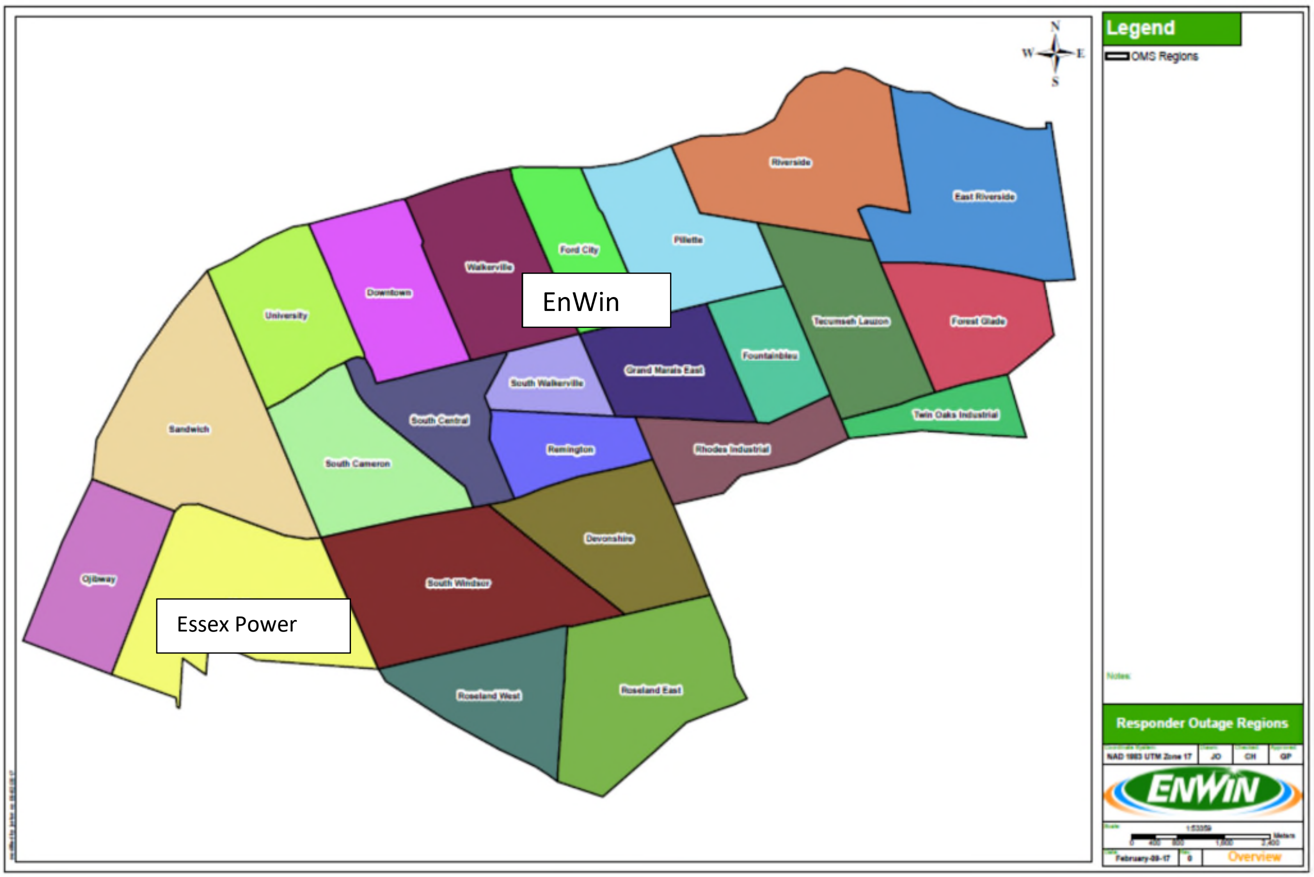
The following map is provided to show where ENWIN operates within the Province of Ontario.



ENWIN purchases electricity from the Independent Electricity System Operator ("IESO"). The ENWIN system is supplied from six (6) Hydro One owned 230/115kV- 27.6 kV Transformer Stations (TS's), four ENWIN owned 115kV-27.6 kV TS's and one ENWIN owned 115kV-13.8 kV TS. These eleven TS's supply fifty (50) ENWIN owned and operated 27.6 kV feeders which distribute power throughout the city. ENWIN's distribution system also includes approximately 20,293 poles, 2,703 overhead circuit kilometers of line, 1,965 underground circuit kilometers of line and 6,713 distribution transformers.

As at the end of 2018, ENWIN's distribution system was also supplied by 71 solar FIT suppliers and 710 solar microFIT suppliers. The Hydro One transmission system in the Windsor area is fed primarily from 230kV circuits from the east. As well that system is also supplied by a number of major local generators including East Windsor Co-gen, Brighton Beach Power, TransAlta and West Windsor Power. The Windsor area generation capacity exceeds its load. A map of ENWIN's service territory is provided in Figure 3, below.

Figure 3:



It is noted that ENWIN does not service the entire population within the borders of the City of Windsor. The City annexed land to the south of its borders in 2003 and that territory is served by Hydro One.

1.5.2 Identification of Embedded or Host Utilities

ENWIN hereby confirms the following:

- ENWIN is not a host distributor that is distributing electricity to another distributors' network at distribution level voltages; and
- ENWIN is not an embedded distributor, that is embedded within another distributors' network and receiving electricity at distribution level voltages.

1.5.3 Transmission and High-Voltage Assets

ENWIN owns five (5) Transformer Stations (TS's) with a primary operating voltage of 115kV, three of which are dedicated to supply significant industrial installations in Windsor. One of the remaining TS's supplies portions of the ENWIN distribution system while the fifth installation was stranded following the closure of a former Large Use – 3TS customer (automotive plant) in 2010. In 2016 and 2017, steps including the purchase and installation of grounding transformers, refurbishment of feeder breakers and the connection of distribution feeders were undertaken to integrate this installation into the ENWIN distribution system.

In addition, ENWIN owns the 115kV leads from Hydro One's 115kV system towers to Ford's Essex Engine Plant transformer station which supplies Ford's Essex Engine automotive plant.

1.5.3.1 Continuation of Deeming of High-Voltage Assets as Distribution Assets

In accordance with Section 2.1.5 of the Filing Requirements, and pursuant to Section 84 of the *Ontario Energy Board Act, 1998*, the Applicant hereby requests that the OEB continues to deem ENWIN's high voltage assets identified in Section 1.5.3 of this Exhibit as distribution assets.

1.6 Application Summary

1.6.1 Revenue Requirement

ENWIN's requested Service Revenue Requirement for the 2020 Test Year is $58,246,170 which provides for the recovery of the following:

- Operations, Maintenance, and Administration Expenses;
- Property Taxes;
- Depreciation/Amortization Expense;
- Payments in Lieu of Income Taxes; and
- Return on Rate Base (Debt Interest Expense + Return on Equity)

Table 1-4a below shows a comparison of the Revenue Requirement calculations between the 2009 Board Approved and the 2020 Test Year:

Revenue Requirement Components	2009 Board Approved	2020 Test Year Proposed	$ Change 2009 to 2020	% Change 2009 to 2020
Average Net Fixed Assets	$171,628,658	$226,473,157	$58,844,499	32.0%
Working Capital Allowance	$28,174,420	$21,499,345	$(6,675,075)	(23.7)%
Rate Base	$199,803,078	$247,972,502	$48,169,424	24.1%
Weighted Average Cost of Capital	7.17%	6.02%		(1.15)%
Regulated Return on Capital	$14,329,707	$14,921,993	$592,286	4.1%
OM&A, Incl. LEAP and Property Taxes	$22,126,121	$29,749,121	$7,623,000	34.5%
Amortization Expense	$11,487,968	$11,500,628	$12,660	0.1%
PILS	$1,799,988	$2,074,427	$274,439	15.2%
Service Revenue Requirement	$49,743,803	$58,246,170	$8,502,367	17.1%
Less: Revenue Offsets	$(2,443,803)	$(4,007,915)	$(1,564,112)	64%
Base Revenue Requirement	$47,300,000	$54,238,255	$6,938,255	14.7%

TABLE 1-4a: Summary of Revenue Requirement Computations

The primary drivers for each of the Revenue Requirement categories and further detailed below:

Revenue Requirement Components	2009 Board Approved Proxy	2020 Test Year Proposed	Variance ($)	Variance (%)	CAGR (%)
OM&A, LEAP & Property Taxes	22,126,141	29,749,121	7,622,980	34.5%	2.7%
Amortization Expense	11,487,968	11,500,628	12,660	0.1%	0.0%
PILs	2,045,100	2,074,427	29,327	1.4%	0.1%
Regulated Return on Rate Base	14,078,754	14,921,993	843,239	6.0%	0.5%
Service Revenue Requirement	49,737,963	58,246,169	8,508,206	17.1%	1.4%
less: Revenue offsets	- 2,443,803	- 4,007,915	- 1,564,112	64.0%	4.6%
Test Year Revenue Requirement	47,294,160	54,238,254	6,944,094	14.7%	1.3%

2020 Revenue at existing rates	50,936,794
Revenue Deficiency	3,301,460
Increase	6.5%

TABLE 1-4b: Primary Drivers of Revenue Requirement Changes

OM&A, LEAP & Property Taxes:

ENWIN OM&A increase of $7,622,980 or 2.7% Compound Annual Growth Rate ("CAGR"), consists of various factors such as the IFRS conversion, employee future benefit factors including

OMERS contribution rates and other inflationary increases.
More details regarding these changes and impacts can be found within Exhibit 4.

Amortization Expense:
The increase of $12,660 does not represent a material change from the 2009 Board Approved amount.
Additional information regarding amortization expense can be found in Exhibit 2 and Exhibit 4.

Payments in Lieu of Taxes ("PILs"):
The increase of $29,327 over the 12 year period is not material and represents a 0.1% CAGR.

Regulated Return on Rate Base:
The increase in the average property, plant & equipment (PP&E) balance was offset by the decrease in the working capital rate % from 15.0% in 2009 to 7.5% in 2020. The increase in the PP&E is partially due to the change from IFRS.

Revenue offsets:
The increase of $1,564,112 in revenue offsets is primarily a result of the change in pole attachment rates.

Based on the projected load forecast and customer count for the 2020 Test Year, as provided for in this Application, ENWIN has estimated a revenue deficiency of $3,301,460 based on its current rates. The computation of the revenue deficiency is shown in Table 1-5 below, as provided in Exhibit 6, Section 6.3.

Service Revenue Requirement	2009 Board Approved Rates	At Current Approved Rates	At Proposed Rates	Variance (Deficiency)
	(A)	(B)	(C)	(D) = (C) - (B)
Revenue Requirement:				
OM&A, including LEAP	21,623,869	23,887,532	29,417,617	5,530,085
Depreciation	11,487,968	12,690,569	11,500,628	- 1,189,941
Property Taxes	502,272	554,852	331,505	- 223,347
Return on Rate Base	6,401,691	7,071,843	8,907,172	1,835,329
Deemed Interest	7,677,063	8,480,725	6,014,821	- 2,465,904
PILS	2,045,100	2,259,188	2,074,427	- 184,761
Total	49,737,963	54,944,709	58,246,170	3,301,461
Rate Base	199,803,078		247,972,502	247,972,502

TABLE 1-5: Revenue Deficiency

The revenue deficiency of $3,301,460 for the 2020 Test Year is principally a result of increases in the following components:

- The first contributor is an OM&A increase of $5,530,085. Details relating to ENWIN's OM&A increases are summarized in Exhibit 4 of this Application;

- The second contributor is an increase in Rate Base of $48.2 million between the 2009 and 2020 Test Year, which impacts the return on equity and deemed interest. The net book value of Property, Plant & Equipment has increased since the last Cost of Service filing but that was partially offset with a lower working capital allowance of 7.5% compared to 15% which existed in the last Cost of Service filing. Further detail related to the $48.2 million increase in rate base is summarized in Exhibit 2 of this Application.

1.6.2 Budgeting and Accounting Assumptions

1.6.2.1 Accounting Policies and Assumptions

Changes in Capitalization Policies and Depreciation

Prior to January 1, 2011, ENWIN's depreciation/amortization policy was based on CGAAP, and guidelines set out by the Board, as applicable. ENWIN converted to IFRS for financial reporting purposes in the 2012 financial statements retroactive to January 1, 2011. As a result of the conversion to IFRS, ENWIN componentized assets and also adjusted the useful lives which were guided by the Kinetrics Report[2] provided by the Board as well as internal assessments of the remaining service lives.

ENWIN confirms that significant components recorded within PP&E are being depreciated separately. Construction in progress assets are not amortized until the project is complete and available for use. ENWIN does not capitalize any interest or costs of borrowing to the cost of the assets constructed as typical life cycle of construction projects are less than one year.

ENWIN's capital assets and capital contributions are amortized on a straight-line basis, when the item is put into service, over the deemed life of the assets. For the purposes of calculating deprecation for this Application, the half-year rule has been applied for all in-service 2019 Bridge Year and 2020 Test Year capital additions and capital contributions in accordance with Section 2.4.4 of the Chapter 2 Board Filing Requirements.

ENWIN's Capitalization Policy is fully described in Exhibit 4, Attachment 4-R.

1.6.2.2 Budgeting Assumptions

ENWIN prepares an annual budget that is reviewed and approved by the Audit and Finance Committee and ultimately by the Board of Directors. In addition to the annual budget, ENWIN also prepares a multi-year forecast for the subsequent five years. The multi-year forecast is developed to provide a longer-term road map and to assess the longer term outlook of the corporation, including the future financial position of the corporation and impacts on various stakeholders, including customers and the shareholder.

For the purpose of this Application, in 2018, a two year budget was prepared for the 2019 bridge year and the 2020 test year. This budget was approved by the ENWIN Board of Directors

[2] *Asset Depreciation Study for the Ontario Energy Board*; Kinectrics Inc. Report No: K-418033-RA-001-R000, dated July 8, 2010.

in September 2018. The budget provides a plan, against which actual results will be evaluated, and underpins this Application.

With respect to inflation rate assumptions, the 2019 Test Year expenditures were budgeted based on the actual expected costs, and not specifically based on an overall specified inflation rate. Assumptions with respect to labour rates are provided in Exhibit 4, Section 4.4 Employee Compensation.

ENWIN compiles budget information for the three major components of the budgeting process: revenue forecasts, operating, maintenance and administrative expenses, and capital expenditures. This budget information has been compiled for both the 2019 Bridge Year and the 2020 Test Year.

1.6.2.3 OM&A Expense Forecast

The OM&A expenses for the 2019 Bridge Year and the 2020 Test Year have been developed based on departmental work plans. Departmental budgets are developed using a "zero-based" approach, which requires each functional area to identify resources, including labour, materials and other third party costs that are required to meet departmental requirements, corporate objectives, and regulatory requirements.

Key assumptions with respect to OM&A expenditures include:

i. ENWIN is undergoing negotiations in 2019 with the goal to establish new Collective Agreements with the IBEW for the Inside and Outside Bargaining Units. Labour wages are the result of a negotiated process and wage increases are based on factors such as recent settlements reached in the LDC sector, particularly in neighbouring LDCs, as well as the local cost of living inflation factor.

ii. Management wages are assumed to move along the existing salary grid, effective January 1, 2020, reflecting an assumed increase of 2.25%. Actual wage increases will be determined in accordance with the compensation philosophy outlined in Exhibit 4.

iii. The allocation of labour and related costs, specifically in the operations and maintenance areas, are based on estimates of planned and unplanned maintenance activities. Estimates for unplanned maintenance and repairs are influenced to some extent by prior years' experience.

Exhibit 4 provides further details on the 2020 Test Year OM&A expenses.

1.6.2.4 Capital Budget

ENWIN has developed a Consolidated DSP in accordance with Chapter 5 of the Ontario Energy Board's Filing Requirements for Electricity Distribution Rate Applications, Consolidated Distribution System Plan dated July 12, 2018 ("Chapter 5"). ENWIN's DSP presents ENWIN's fully integrated approach to capital expenditure planning, including comprehensive documentation of its asset management process, the incorporation of results from the Asset Condition Assessment, and identification and documentation of detailed capital projects over the test year. ENWIN's DSP is provided in Exhibit 2, Attachment 2-A.

1.6.3 Load Forecast Summary

1.6.3.1 Revenue Forecast

ENWIN's 2020 Test Year distribution revenue was forecast using the load forecast model output provided in Exhibit 3 multiplied by the proposed rates for the 2020 Test Year. The load forecast is weather normalized and considers such factors as historical load, weather, economic data and the impacts of Conservation and Demand Management ("CDM") plans.

Based on the load forecast methodology, the 2020 Test Year kWh forecast is 2,230,875,607 or a 14% decrease from the 2009 Board Approved forecast of 2,596,512,398 kWh. 2009 Actuals were 2,381,532,329 kWh or 8% less than the 2009 Board Approved forecast.

2009 Board Approved Forecast kWh	2009 Actual kWh	Difference kWh	Difference %
2,596,512,398	2,381,532,329	-214,980,069	-8%
2009 Board Approved Forecast kWh	**2020 Forecast kWh**	**Difference kWh**	**Difference %**
2,596,512,398	2,230,875,607	-365,636,791	-14%

TABLE 1-6: 2020 kWh forecast vs 2009 Board approved

The forecast of customers and connections by rate class was determined using a geometric mean analysis. Based upon the geometric mean analysis, the expected number of customers/connections for the 2020 Test Year is 114,128, or a 4% increase over the 2009 Board Approved forecast for customers/connections of 109,586. 2009 Actual customers/connections was 109,430 or 0.1% lower than the 2009 Board Approved forecast.

2009 Board Approved Forecast Customers/Connections	2009 Actual Customers/Connections	Difference Customers/ Connections	Difference %
109,586	109,430	-156	-0.1%
2009 Board Approved Forecast Customers/Connections	**2020 Forecast Customers/Connections**	**Difference Customers/ Connections**	**Difference %**
109,586	114,128	4,542	4%

TABLE 1-7: 2020 Customers/Connections forecast vs 2009 Board approved

1.6.3.2 Load Forecast Summary

According to the most recently published Filing Requirements for Electricity Distribution Rate Applications, dated July 12, 2018, multivariate regression is an approved modelling approach for forecasting load. Traditionally, kWh and kW data is collected by month for 10 historic years for use in the regression analysis. Accordingly, ENWIN has utilized kWh and kW data, by month, for its entire service territory from January 2008 to December 2017 in order to ensure that all billed consumption and demand is collected and applied to its appropriate consumed month.

ENWIN engaged Elenchus Research Associates Inc. ("Elenchus") to complete a 2020 weather normalized and CDM adjusted Load Forecast. The load forecast and methodology is detailed in Exhibit 3.

Based on the load forecast methodology, the 2020 Test Year kWh forecast is 2,230,875,607 or a 14% decrease from the 2009 Board Approved forecast of 2,596,512,398 kWh. Table 1-8a, below summarizes the load forecast by customer class for the 2020 Test Year, compared to the 2009 Board Approved forecast and 2009 Actuals.

Rate Class	2009 Board Approved Forecast	2009 Actual kWh	2009 Actual vs.2009 Board Approved Forecast	% Difference kWh - 2009 Actual vs. 2009 Board Approved Forecast	2020 Load Forecast kWh	2020 Test Year vs. 2009 Board Approved Forecast	% Change kWh - 2020 Test Year vs. 2009 Board Approved Forecast
Residential	641,214,701	604,635,109	(36,579,592)	-6%	555,916,913	(85,297,788)	-13%
GS < 50 kW	238,998,501	220,940,436	(18,058,065)	-8%	195,457,487	(43,541,014)	-18%
GS > 50 kW to 4,999 kW	946,836,557	906,614,905	(40,221,652)	-4%	884,625,659	(62,210,898)	-7%
Intermediate	55,374,071	51,306,802	(4,067,269)	-7%	26,244,286	(29,129,785)	-53%
LU - Regular	277,467,527	271,865,804	(5,601,723)	-2%	281,863,540	4,396,013	2%
LU - 3TS	339,147,498	253,823,156	(85,324,342)	-25%	237,555,713	(101,591,785)	-30%
LU - Ford Annex	75,421,885	50,208,449	(25,213,436)	-33%	39,835,651	(35,586,234)	-47%
USL	4,199,811	4,214,867	15,056	0%	2,221,924	(1,977,887)	-47%
Sentinel Lighting	964,529	992,473	27,944	3%	735,308	(229,221)	-24%
Street Lighting	16,887,318	16,930,328	43,010	0%	6,419,124	(10,468,194)	-62%
Totals	**2,596,512,398**	**2,381,532,329**	**(214,980,069)**	**-8%**	**2,230,875,607**	**(365,636,791)**	**-14%**

TABLE 1-8a: Summary of Load Forecast kWh Growth

Based on the load forecast methodology, the 2020 Test Year kW forecast is 3,654,148 or a 7% decrease from the 2009 Board Approved forecast of 3,934,679 kW. Table 1-8b, below summarizes the load forecast by customer class for the 2020 Test Year, compared to the 2009 Board Approved forecast and 2009 Actuals.

Rate Class	2009 Board Approved Forecast	2009 Actual kW	2009 Actual vs.2009 Board Approved Forecast	% Difference kW 2009 Actual vs. 2009 Board Approved Forecast	2020 Load Forecast kW	2020 Test Year vs. 2009 Board Approved Forecast	% Change kW - 2020 Test Year vs. 2009 Board Approved Forecast
Residential	-	-	-	-	-		
GS < 50 kW	-	-	-	-	-		
GS > 50 kW to 4,999 kW	2,431,356	2,411,400	(19,956)	-1%	2,436,951	5,595	0%
Intermediate	141,807	130,057	(11,750)	-8%	125,396	(16,411)	-12%
LU - Regular	539,536	550,085	10,549	2%	542,339	2,803	1%
LU - 3TS	637,577	739,223	101,646	16%	463,625	(173,952)	-27%
LU - Ford Annex	133,262	95,070	(38,192)	-29%	65,368	(67,894)	-51%
USL	-	-	-	-	-	-	-
Sentinel Lighting	2,586	2,749	163	6%	2,038	(548)	-21%
Street Lighting	48,555	48,739	184	0%	18,431	(30,124)	-62%
Totals	**3,934,679**	**3,977,323**	**42,644**	**1%**	**3,654,148**	**(280,531)**	**-7%**

TABLE 1-8b: Summary of Load Forecast kW Growth

Based upon the geometric mean analysis, the expected number of customers/connections for the 2020 Test Year is 114,128, or a 4% increase over the 2009 Board Approved forecast for customers/connections of 109,586. Table 1-9, below summarizes the customers/connections by rate class for the 2020 Test Year, compared to the 2009 Board Approved forecast and the 2009 Actuals.

Rate Class	2009 Board Approved Forecast	2009 Actual Customers/ Connections	2009 Actual vs.2009 Board Approved Forecast	% Difference - 2009 Actual vs. 2009 Board Approved Forecast	2020 Load Forecast Customers/ Connections	2020 Test Year vs. 2009 Board Approved Forecast	% Change- 2020 Test Year vs. 2009 Board Approved Forecast
Residential	76,317	76,419	102	0.1%	80,293	3,976	5.2%
GS < 50 kW	7,013	6,970	(43)	-0.6%	7,131	118	1.7%
GS > 50 kW to 4,999 kW	1,189	1,176	(14)	-1.1%	1,271	82	6.9%
Intermediate	3	3	-	0.0%	3	-	0.0%
LU - Regular	6	6	-	0.0%	6	-	0.0%
LU - 3TS	3	3	-	0.0%	2	(1)	-33.3%
LU - Ford Annex	1	1	-	0.0%	1	-	0.0%
USL	893	763	(131)	-14.6%	721	(172)	-19.2%
Sentinel Lighting	748	669	(80)	-10.6%	512	(236)	-31.5%
Street Lighting	23,413	23,421	8	0.0%	24,188	775	3.3%
Totals	**109,586**	**109,430**	**(156)**	**-0.1%**	**114,128**	**4,542**	**4.1%**

TABLE 1-9: Summary of Customer Growth

1.6.4 Rate Base and DSP

The Rate Base for the 2020 Test Year of $247,972,502 is an increase of $48,169,424 or 24% compared to the 2009 Board Approved Rate Base of $199,803,078.

Table 1-10, below, provides a Summary of Rate Base for the period 2009 through the 2020 Test Year.

Line No.	Description	2009 Board Approved	2009 Actual	2010 Actual	2011 Actual	2011 Actual	2012 Actual	2013 Actual
1	Accounting Standard	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
2	Gross Fixed Assets	$ 287,510,899	$ 279,715,738	$ 296,741,352	$ 307,119,413	$ 189,556,682	$ 201,149,553	$ 210,781,135
3	Accumulated Depreciation	-$ 112,565,204	-$ 110,625,593	-$ 117,445,651	-$ 130,864,724	-$ 9,919,958	-$ 18,448,348	-$ 27,357,937
4	Net Book Value	$ 174,945,695	$ 169,090,145	$ 179,295,701	$ 176,254,689	$ 179,636,724	$ 182,701,204	$ 183,423,198
5	**Average Net Book Value**	**$ 171,628,658**	**$ 169,758,598**	**$ 174,192,923**	**$ 177,775,195**	**$ 179,466,212**	**$ 181,168,964**	**$ 183,062,201**
6	Total Working Capital	$ 187,845,977	$ 181,791,517	$ 212,867,302	$ 214,360,712	$ 227,382,946	$ 240,405,180	$ 243,806,751
7	Working Capital Allowance Factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
8	**Working Capital Allowance**	**$ 28,176,897**	**$ 27,268,728**	**$ 31,930,095**	**$ 32,154,107**	**$ 34,107,442**	**$ 36,060,777**	**$ 36,571,013**
9	**Rate Base**	**$ 199,805,554**	**$ 197,027,325**	**$ 206,123,018**	**$ 209,929,301**	**$ 213,573,654**	**$ 217,229,741**	**$ 219,633,214**
Line No.	**Description**	**2014 Actual**	**2015 Actual**	**2016 Actual**	**2017 Actual**	**2018 Forecast**	**2019 Bridge Year**	**2020 Test Year**
1	Accounting Standard	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
2	Gross Fixed Assets	$ 244,555,564	$ 262,227,260	$ 278,561,538	$ 291,774,606	$ 306,298,963	$ 327,380,001	$ 346,126,500
3	Accumulated Depreciation	-$ 40,712,899	-$ 52,449,682	-$ 64,817,955	-$ 77,965,436	-$ 91,726,235	-$ 104,505,526	-$ 116,054,661
4	Net Book Value	$ 203,842,665	$ 209,777,578	$ 213,743,584	$ 213,809,170	$ 214,572,728	$ 222,874,475	$ 230,071,840
5	**Average Net Book Value**	**$ 193,632,932**	**$ 206,810,122**	**$ 211,760,581**	**$ 213,776,377**	**$ 214,190,949**	**$ 218,723,602**	**$ 226,473,157**
6	Total Working Capital	$ 263,069,519	$ 271,778,739	$ 308,610,220	$ 277,994,129	$ 276,629,949	$ 292,392,975	$ 286,657,938
7	Working Capital Allowance Factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	7.5%
8	**Working Capital Allowance**	**$ 39,460,428**	**$ 40,766,811**	**$ 46,291,533**	**$ 41,699,119**	**$ 41,494,492**	**$ 43,858,946**	**$ 21,499,345**
9	**Rate Base**	**$ 233,093,360**	**$ 247,576,933**	**$ 258,052,114**	**$ 255,475,496**	**$ 255,685,442**	**$ 262,582,548**	**$ 247,972,502**

TABLE 1-10: Summary of Rate Base

The variance between the 2020 Test Year and 2009 Board Approved is mainly attributed to:

- An increase in the average net capital assets in service of $54,844,499 from $171,628,658 to $226,473,157, or 32% due to the net capital investments in the distribution system, including general plant, over the eleven year period.
- The increase in the average net capital assets in service is partially offset by a decrease in the working capital allowance. The 2020 Test Year Working Capital Allowance of $21,499,345 is $6,677,551 lower than the 2009 Board Approved amount of $28,176,896. The reduction in the working capital allowance is due to: (i) a reduction in the working capital allowance percentage to 7.5% from 15% as approved in ENWIN's previous cost of service rate application; and (ii) a decrease in the Power Supply Expenses mainly attributable to the decrease in commodity pricing, commencing in 2017, from the introduction of the Fair Hydro Plan.

As previously noted, ENWIN has developed a DSP in accordance with Chapter 5 Filing Requirements. The DSP incorporates matters pertaining to asset condition, asset management, renewable energy generation, and regional planning. The DSP has been prepared by ENWIN. ENWIN retained Kinectrics Inc. to prepare an Asset Condition Assessment report in support of the development of the DSP.

The DSP is filed as a standalone document in Exhibit 2, Attachment 2-A.

ENWIN's main objectives with respect to managing its distribution system assets continues to be to optimize performance of the assets at a reasonable cost with due regard for system reliability, public and worker safety, and customer service requirements, aligned to customer stated preferences.

Tables 1-11a and 1-11b, below, summarize the planned capital expenditures for the period 2020 Test Year to 2024 (numbers represented in '000).

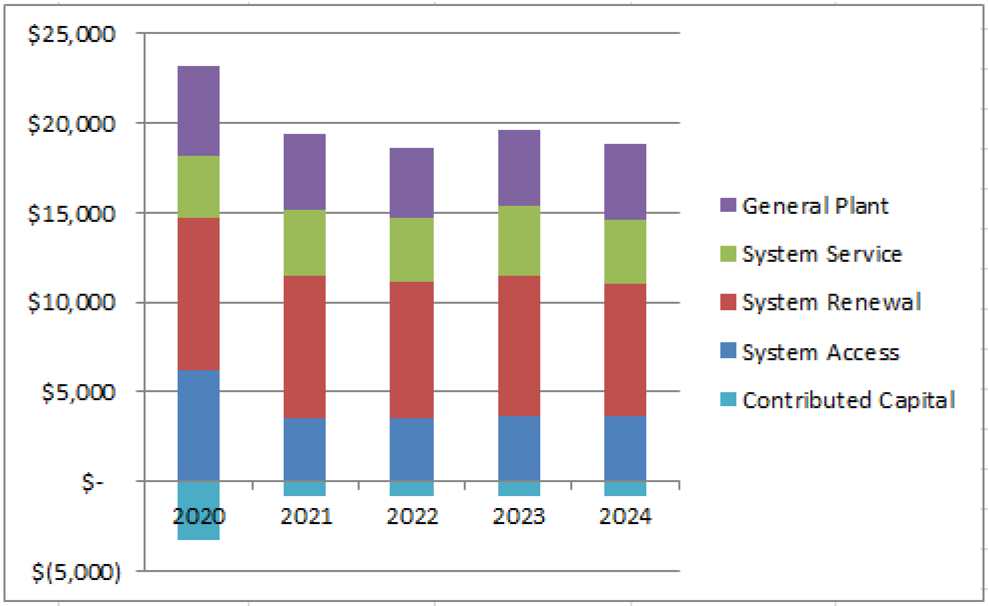


TABLE 1-11a: Capital Expenditure Summary

	2020	2021	2022	2023	2024
System Access	$ 6,205	$ 3,476	$ 3,526	$ 3,577	$ 3,628
System Renewal	$ 8,440	$ 8,009	$ 7,605	$ 7,850	$ 7,366
System Service	$ 3,537	$ 3,622	$ 3,610	$ 3,986	$ 3,623
General Plant	$ 5,021	$ 4,283	$ 3,856	$ 4,174	$ 4,213
Total	$ 23,203	$ 19,390	$ 18,597	$ 19,587	$ 18,830
Contributed Capital	$ (3,252)	$ (813)	$ (823)	$ (834)	$ (844)
Total (Net)	**$ 19,951**	**$ 18,577**	**$ 17,774**	**$ 18,753**	**$ 17,986**

TABLE 1-11b: Capital Expenditure Summary

ENWIN's net capital expenditures are projected to be $19,951,000 in the 2020 Test Year compared to the 2009 Board Approved amount for net capital expenditures of $19,233,880, representing an increase of $717,120 or 3.7%.

Table 1-12 provides a comparison of the average annual capital expenditures over the historical period (2009 through 2019 Bridge), compared to the planned capital expenditures over the forecast period 2020-2024.

Capital Expenditure Category	**Average - 2009-2019**	**Average - 2020-2024**
System Access, net of capital contributions	2,916	2,769
System Renewal	7,052	7,854
System Service	2,534	3,676
General Plant	4,717	4,309
TOTAL NET EXPENDITURES	**17,219**	**18,608**

TABLE 1-12: Average Annual Capital Expenditure – Historical and Forecast Period

ENWIN's average annual capital expenditures over the historical period (2009 through 2019) were $17,219,000 compared to the planned capital expenditures over the forecast period 2020-2024 of $18,608,000.

The increase in average net capital expenditures in the forecast period, compared to the historical period, is driven predominantly by increases in System Renewal and System Service expenditures.

In its present Application, ENWIN does not plan to do any renewable energy connections/expansions, smart grid work or regional planning work in the test year.

ENWIN is not seeking to recover from all ratepayers renewable energy connection costs per O. Reg. 330/09.

System Access

Over the forecast period, system access investments are planned primarily in response to customer services requests (e.g. new services, system expansions such as new subdivisions and relocations due to road widenings and bridge projects). These investments are initiated by customer and third party requests and the projects are completed to fulfill ENWIN's service obligations. These investments typically include the following:

- New Customer Connections
- Road Widenings
- Plant Relocations
- Metering

System Access forecasts are based on previous year's results along with consultations with third parties to determine what projects will proceed in the current planning cycle.

System Renewal

System renewal expenditures include renewal for poles, transformers, switches, meters, manholes, cable and transformer station equipment. The size and mix of capital investments in the system renewal category is primarily driven by the results of ENWIN's Asset Management Plan with verification by the Asset Condition Assessment ("ACA"), see DSP Appendix-Kinectrics Asset Condition Assessment, completed by Kinectrics Inc., a category leader in providing life cycle management solutions for the electricity industry. The ACA recommends a "Flagged for Action" ("FFA") plan of assets expected to require attention over the forecast period. System renewal spending is allocated to assets with the greatest need for replacement. ENWIN has balanced the recommended FFA plan with prudence in order to achieve the desired pace of capital investment over the forecast period.

System Service

System service capital investments include expansions or upgrade to existing systems to support growth of existing customers or improve operational efficiencies and flexibilities. It also includes improvements to the existing system with regards to reliability, power quality and performance/functionality. Projects are planned to meet customers' expectations with respect to reliability of the system,

General Plant

General plant investments include those that are made to maintain assets that are part of the day-to-day operational and business infrastructure activities but are not directly part of the distribution system.

1.6.5 Operations, Maintenance and Administration Expense

The operating expenses presented in Exhibit 4 represent the required expenditures necessary to maintain and operate ENWIN's distribution system assets, the costs associated with metering, billing and collecting from its customers; the costs associated with implementing and carrying out government mandated initiatives; the expenditures associated with ensuring the safety of all stakeholders (for example the public, ENWIN customers, ENWIN employees, etc.) and the costs to maintain the distribution business service quality and reliability standards in compliance with the OEB's Distribution System Code, and other regulatory bodies (for example IESO, ESA, etc.). Operating expenses are comprised of expenses relating to Operations, Maintenance and Administration ("OM&A"), Depreciation & Amortization and Taxes. In Summary, these are the on-going costs associated with providing distribution services in alignment with customer's expectations.

ENWIN is proposing recovery through distribution rates of $29,347,816 in Operating, Maintenance and Administration ("OM&A") costs for the 2020 Test Year. A comparison of these proposed costs with ENWIN's 2009 Board Approved OM&A costs is provided in the following table.

OM&A Expenditures				
	2009 Board Approved	2020 Proposed Test Year	Total Change 2009 Board Approved to 2020 Test Year	
	$	$	$	CAGR
OM&A Total	21,623,868	29,347,816	7,723,948	2.82%
IFRS Impact on burden rates		(2,195,237)		
OMERs costs in excess of IPI		(752,554)		
IFRS impact on Employee Future benefits (EFB) expense		(356,000)		
Effect of interest rate changes on EFB expense		(431,300)		
OM&A Adjusted for the above	21,623,868	25,612,725	3,988,857	1.55%
Board approved inflation factor adjusted for stretch factors, and growth				1.74%

TABLE 1-13: OM&A Board Approved and Test Year Comparison

Due to the long period of time between Cost of Service applications, a significant amount of change has occurred in the industry which in many cases added additional costs. When the impact of the International Financial Accounting Standards ("IFRS") implementation is removed, together with the impact of the Ontario Municipal Employees Retirement System ("OMERS") cost increases in excess of the Input Price Index ("IPI") published by the OEB, adjusted for stretch factors and growth and the impact of interest rate changes on ENWIN's Employee

Future Benefit ("EFB") expense, ENWIN's costs have increased 1.55% compared to the IPI rate adjusted for stretch factors and growth of 1.74%.

The chart below provides an annual summary of ENWIN OM&A Cost adjusted, or "Normalized" for the above noted extraordinary costs to the extent they are in excess of the applicable annual IPI increase, compared to ENWIN 2009 Board Approved costs escalated by IPI as described.

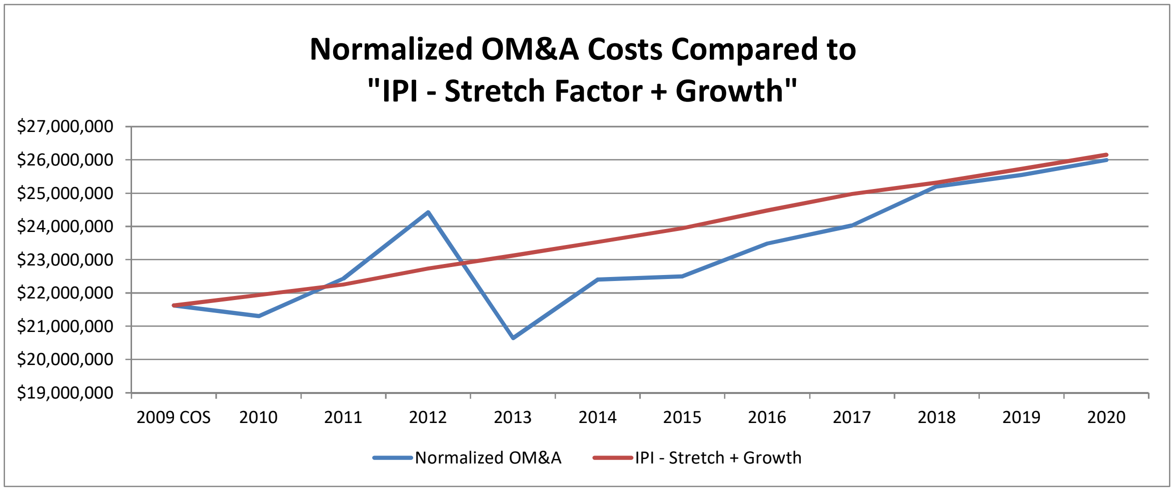


TABLE 1-14: OM&A Annual Summary Normalized

A summary of the major cost drivers impacting ENWIN's OM&A over the 11 year period is provided in Table 1-15. From the table it is apparent that 42% of the $7.7 million increase in OM&A is due to operating wages and benefits, primarily as a result of cumulative CPI of 23.5% over the 11 year period together with factors outside of ENWIN's control such as increased OMERS funding requirements and IFRS and interest rate changes impacting EFB costs. More information on this is provided later in this section. Details of ENWIN's CPI and IPI calculations are provided in greater detail in Exhibit 4.

In 2012 ENWIN converted to IFRS. Similar to other LDC's, as a result of conversion to IFRS the burden rate applied to capitalized overheads was reduced. This reduction in capitalized overhead resulted in approximately $2.2 million of costs remaining in OM&A that would have been capitalized using historic CGAAP rates.

Since 2009 the industry has seen a significant change in the way information technology ("IT") is used by LDC's. The increased utilization of IT as required by the OEB or implemented to provide better service to our customers has resulted in additional annual IT costs paid to third parties for licenses or services of $787,526. Notable changes since 2009 include the implementation of time-of-use meters requiring a meter data management solution and a new billing system. In 2014 ENWIN introduced a customer portal, as well as implemented an ESRI geographic information system ("GIS") and Responder, an outage management system to enhance our customer experience and improve service.

OM&A Cost Driver Summary		
	$	% of Total Change
2009 Board Approved OM&A	21,623,868	
Operating Wages and Benefits	3,279,015	42%
IFRS Impact of Burden Rate Changes	2,195,237	28%
Information Systems	787,526	10%
Employee Future Benefit	1,231,222	16%
Other	230,948	3%
Total change	7,723,948	100%
2020 Test Year OM&A	29,347,816	

TABLE 1-15: OM&A Cost Driver Summary

From the 2009 COS decision to the 2020 Test Year, EFB expense for post-retirement benefit plans for ENWIN employees are projected to have increased by approximately $1.2 million per year. Consistent with the report of the Board on the Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, (EB-2015-0040) ENWIN accounts for these costs utilizing the accrual method. The expense recognized utilizing this approach is actuarially determined. Eckler Consultants & Actuaries estimated the annual EFB income statement impact of conversion to IFRS for ENWIN was $356,000. Additionally, since 2009, the discount rate utilized to calculate the EFB liability and annual expense (current service and interest cost) has dropped from 5.35% at December 31, 2008 to 3.40% at the end of 2018. This reduction in interest rates was estimated by Eckler to increase the annual operating expense for EFB by $431,300.

Wages and Benefits

As provided Table 1-15, increases in operating wages and benefits represent the largest portion of the increase in OM&A since 2009. Over the period of 11 years CPI has cumulatively increased by 23.5% (assuming a 2% increase in CPI in each of 2019 and 2020) which explains much of the increase noted in wages. Benefit costs are summarized by their major components in Table 1-16 below. This summary includes all benefits; those included in ENWINs OM&A as well as those capitalized or charged on recoverable work.

Statutory benefits have increased 41% consistent with increases imposed on CPP and WSIB, where the annual cost per employee has increased 40% and 36% respectively from 2009 to 2019 on higher insurable levels and statutory rate increases.

Employee Benefits					
	2009 Board Approved	2020 Proposed Test Year	Change 2009 Board Approved to 2020 Test Year		
	$	$	$	%	CAGR
Statutory Benefits (CPP, UI, EHT, WSIB)	972,981	1,376,645	403,664	41%	3.21%
Omers	943,897	1,892,628	948,731	101%	6.53%
Company benefit plans	1,161,950	1,198,372	36,422	3%	0.28%
Employee Future Benefits	1,829,697	3,060,919	1,231,222	67%	4.79%
Total Wages , Salary and Benefits	4,908,525	7,528,564	2,620,039	53%	3.97%

1-16: Total Wages and Benefits

OMERS costs have increased 101% as a result of changes in the funding rates required by the pension. In 2009 the contribution rate for LDC's was 6.3% for earnings up to the yearly maximum pensionable earnings (YMPE) of $46,300, and 9.5% on earnings beyond that level. The rates increased in 2010 through 2013 to current levels of 9.0% up to and 14.6% beyond the YMPE respectively.

Costs for the company's health, dental and other plans have increased 3% since 2009 as ENWIN has worked closely with its benefits provider to contain costs.

As previously discussed the 67% increase in EFB or OPEB costs over the 11 year period is largely due to conversion to IFRS and a reduction in prevailing interest rates resulting in the discount rate reducing from 5.35% to 3.40%. Additional information on this increase in provided in Exhibit 4.

1.6.6 Cost of Capital

ENWIN is requesting the deemed capital structure as provided by the *Report of the OEB on the Cost of Capital for Ontario's Regulated Utilities* (EB-2009-0084), issued December 11, 2009 (the "Cost of Capital Report") comprising: 56% long-term debt, 4% short-term debt, and 40% equity. Such structure is consistent with the Board's Cost of Capital methodology.

The following illustrates the changes in the actual capital structure that have transpired since ENWIN's last Cost of Service application:

Year: 2009

Line No.	Particulars	Capitalization Ratio (%)		Capitalization Ratio ($)	Cost Rate (%)	Return ($)
	Debt					
1	Long-term Debt	56.00%		$111,889,724	6.77%	$7,570,768
2	Short-term Debt	4.00%	(1)	$7,992,123	4.47%	$357,248
3	**Total Debt**	60.0%		$119,881,847	6.61%	$7,928,016
	Equity					
4	Common Equity	40.00%		$79,921,231	8.01%	$6,401,691
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$79,921,231	8.01%	$6,401,691
7	**Total**	100.0%		$199,803,078	7.17%	$14,329,707

TABLE 1-17: 2009 Deemed Capital Structure

Year: 2020

Line No.	Particulars	Capitalization Ratio (%)		Capitalization Ratio ($)	Cost Rate (%)	Return ($)
	Debt					
1	Long-term Debt	56.00%		$138,864,601	4.13%	$5,739,274
2	Short-term Debt	4.00%	(1)	$9,918,900	2.82%	$279,713
3	**Total Debt**	60.0%		$148,783,501	4.05%	$6,018,987
	Equity					
4	Common Equity	40.00%		$99,189,001	8.98%	$8,907,172
5	Preferred Shares	0.00%		$ -	0.00%	$ -
6	**Total Equity**	40.0%		$99,189,001	8.98%	$8,907,172
7	**Total**	100.0%		$247,972,502	6.02%	$14,926,159

TABLE 1-18: 2020 Deemed Capital Structure

Standard & Poor's has rated Windsor Canada Utilities Ltd., ENWIN's sole shareholder and holding company, as A Stable. The latest Credit Rating Report is provided in Exhibit 1, Appendix 1-M.

Table 1-18 summarizes ENWIN's proposed deemed capital structure for the 2020 Test Year of $247,972,502, comprised of (i) Deemed Debt of $148,783,501, including the Short-term Debt component of $9,918,900 and Long-term Debt of $138,864,601; and (ii) Deemed Equity of $99,189,001.

ENWIN is requesting a weighted average rate of 4.13% on Long Term Debt for the 2020 Test Year. The 4.13% is computed based on the weighted average of the following:

Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%)
Revolving Credit Promissory Note	Windsor Canada Utilities Ltd.	Affiliated	Fixed Rate	6-Nov-12	30	$ 51,000,000	4.134%
Promissory Note	Windsor Canada Utilities Ltd.	Affiliated	Variable Rate	13-Nov-18	10	$ 26,632,000	4.130%
Total						$ 77,632,000	4.13%

TABLE 1-19: 2020 Test Year Long Term Debt Instruments

ENWIN is requesting a Short Term Debt rate of 2.82% for the 2020 Test Year in accordance with the Cost of Capital Parameter Updates for 2019 Cost of Service Applications issued by the Board on November 22, 2018. ENWIN understands that the Board will provide future updates to the Cost of Capital Parameters applicable to 2020 Cost of Service Applications. ENWIN's use of a Return on Short Term Debt of 2.82% is without prejudice to any revisions that may be adopted by the Board in late 2019.

ENWIN is requesting a Return on Equity ("ROE") for the 2020 Test year of 8.98%, in accordance with the Cost of Capital Parameter Updates for 2019 Cost of Service Applications issued by the OEB on November 22, 2018. ENWIN understands that the Board will provide future updates to the Cost of Capital parameters applicable to 2020 Cost of Service Applications. ENWIN's use of an ROE of 8.98% is without prejudice to any revised ROE that may be adopted by the Board in late 2019.

1.6.7 Cost Allocation and Rate Design

The OEB outlined its cost allocation policies in its reports of November 28, 2007 Application of Cost Allocation for Electricity Distributors, and March 31, 2011 Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219).

In this Application, ENWIN has used the 2019 version of the cost allocation model released by the OEB on July 12, 2018 to conduct a 2020 test year cost allocation study consistent with the OEB's cost allocation policies. The model has been loaded with 2020 Test Year costs, customer numbers and demand values for ENWIN.

The data used in the updated cost allocation study is consistent with ENWIN's cost data that supports the proposed 2020 revenue requirement outlined in this Application. ENWIN's assets were broken out into primary and secondary distribution functions using current information on the distribution system. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available to ENWIN, its geographic information system ("GIS"), engineering records, and its customer and financial information systems.

Table 1-20 provides the combined allocated OEB Approved cost by rate class from the former 2009 ENWIN cost allocation study along with the ENWIN results from the 2020 cost allocation study.

Line No.	Rate Class	2009 Board Approved Cost Allocation Study	%	Cost Allocated in the 2020 Study	%
1	Residential	$26,055,510	52.39%	$ 30,775,096	52.84%
2	General Service < 50 kW	$6,020,860	12.11%	$ 5,738,352	9.85%
3	General Service > 50 to 4,999 kW	$10,148,288	20.40%	$ 13,637,160	23.41%
4	Large Use – 3TS	$3,726,413	7.49%	$ 4,171,597	7.16%
5	Large Use - Regular	$1,264,161	2.54%	$ 2,240,710	3.85%
6	Street Lighting	$2,273,293	4.57%	$ 1,472,321	2.53%
7	Sentinel Lighting	$153,067	0.31%	$ 88,663	0.15%
8	Unmetered Scattered Load	$96,370	0.19%	$ 122,270	0.21%
9	**Total**	**$49,737,962**	**100.00%**	**$58,246,169**	**100.0%**

TABLE 1-20: Allocated Costs – 2020 Test Year vs. 2009 Board Approved

Table 1-21, Proposed Revenue to Cost Ratios summarizes ENWIN's proposed revenue to cost ratios for the 2020 Test Year, compared to the revenue to cost ratios from ENWIN's last Board approved cost allocation study (EB-2008-0227), as well as the Board's approved ranges.

Rate Class	2009 Board Approved Cost Allocation Study*	2020 ENWIN Cost Allocation Study	2020 Proposed Ratios	OEB Targets Min to Max	
Residential	90.0%	95.64%	95.64%	85.0%	115.0%
General Service < 50 kW	105.0%	112.55%	111.12%	80.0%	120.0%
General Service > 50 to 4,999 kW	80.0%	113.28%	111.12%	80.0%	120.0%
Large Use – 3TS	102.0%	71.32%	85.00%	85.0%	115.0%
Large Use - Regular	115.0%	77.90%	85.00%	85.0%	115.0%
Street Lighting	70.0%	135.08%	111.12%	80.0%	120.0%
Sentinel Lighting	70.0%	99.02%	99.02%	80.0%	120.0%
Unmetered Scattered Load	120.0%	88.30%	88.30%	80.0%	120.0%

*In ENWIN's 2009 Decision and Order, rate mitigation was applied to the GS>50kW, Sentinel and Street Lighting class. The RTC ratios reflect the end of the mitigation period.

TABLE 1-21: Proposed Revenue to Cost Ratios

It is ENWIN's long-term objective to allocate its distribution costs in such a manner that ultimately achieves revenue to cost ratios approaching 100% for each rate class. The objective ensures that costs are allocated fairly to each customer class based on its respective class utilization of the distribution system.

The 2020 cost allocation study indicates the revenue to cost ratios for the Large Use – 3TS, Large Use - Regular and Street Lighting rate classes are outside the OEB's range. For 2020 and onward, it is proposed the ratios for these three rate classes be brought within the OEB's range.

Finally, in order to maintain revenue neutrality, the General Service < 50kW, General Service >50kW to 4,999 kW and Street Lighting rate classes will be adjusted downward to a common ratio.

ENWIN has not deviated from the Board's 2019 Cost Allocation Model. Further details with respect to the Cost Allocation Model are provided in Exhibit 7.

1.6.7.1 Rate Design

The following is an overview of the key elements of ENWIN's proposed rate design:

Summary of Proposed Distribution Rates

Table 1-22, below, sets out ENWIN's proposed 2020 electricity distribution rates based on (i) the cost allocation methodology and proposed revenue-to-cost ratios, (ii) the proposed fixed-variable ratios; and (iii) the proposed transformer allowance. ENWIN has calculated its proposed distribution rates by rate class based on the proposed Rate Design model in Exhibit 8.

ENWIN proposes to maintain the fixed/variable proportions assumed in the current rates to design the proposed monthly service and the distribution volumetric charges. The charge for the Residential class reflects the implementation of the Board Policy on *A New Distribution Rate Design for Residential Electricity Customers* (EB-2012-0410).

Line No.	Rate Class	Proposed Monthly Service Charge	Unit	Proposed Distribution Volumetric Charge incl. Transformer Allowance Adjustment
1	Residential	$28.21	Customer	-
2	General Service < 50 kW	$28.47	kWh	$0.0184
3	General Service > 50 to 4,999 kW	$112.30	kW	$5.1774
4	Large Use – 3TS	$37,861.65	kW	$3.6827
5	Large Use - Regular	$9,524.02	kW	$2.6447
6	Street Lighting	$5.24	Connection	-
7	Sentinel Lighting	$13.36	Connection	-
8	Unmetered Scattered Load	$11.65	Connection	-
9	Transformer Discount			($0.60)

TABLE 1-22: Proposed 2020 Electricity Distribution Rates

Table 1-23 summarizes the proposed fixed vs. variable rate split for each customer class.

Rate Class	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	100.00%	0.00%
General Service < 50 kW	40.40%	59.60%
General Service > 50 to 4,999 kW	11.84%	88.16%
Large Use 3TS	44.94%	55.06%
Large Use - Regular	38.21%	61.79%
Street Lighting	100.00%	0.00%
Sentinel Lighting	100.00%	0.00%
Unmetered Scattered Load	100.00%	0.00%

TABLE 1-23: Proposed Fixed/Variable Rate Split

Based upon the customer bill impacts, and as further summarized below under Bill Impacts, ENWIN is not proposing rate mitigation.

1.6.8 Deferral and Variance Accounts

ENWIN has included in this Cost of Service ("COS") Application, a request for approval for disposition of Group 1, Group 2 and Other Deferral and Variance Account ("DVAs") balances as at December 31, 2018 and the forecasted interest through December 31, 2019. ENWIN is requesting disposition of Account 1575 IFRS-CGAAP Transition PP&E Amounts which include projected balances to December 31, 2019 plus a return on rate base in accordance with the Filing Requirements. ENWIN has projected additional amounts to be added to this account for the 2019 Bridge Year. ENWIN has followed the Board's guidance in the Accounting Procedures Handbook and FAQ's ("APH") for recording amounts in the deferral and variance accounts. Such guidance also includes the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative ("EDDVAR Report").

Section 2.9.3 of the Filing Requirements states, when describing disposition of deferral and variance accounts, that applicants must "Provide a statement that the balances proposed for disposition before forecasted interest are consistent with the most current audited financial statements and provide explanations for any variances." At the time of filings this Application, the audit was in progress, and as such, no audit opinion of ENWIN's DVAs was available. As such, the DVA balances are considered draft at this time. ENWIN will provide the OEB with the audit opinion related to its DVAs as soon as it is available.

ENWIN is requesting a net disposition of $32,562,466 to be refunded to customers, based on the deferral and variance accounts summarized in Table 1-24 below, and as further detailed in Exhibit 9. ENWIN is requesting disposition of all Group 1, Group 2 and Other Accounts, in accordance with the Report of the Board which states that at the time of rebasing, all account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline.

ENWIN is proposing disposition of its DVA balances over a one (1) year period, with the exception of Account 1575, which ENWIN is proposing a disposition period for this balance over a five (5) year period, consistent with the Board's goal of rate smoothing.

Group 1 Accounts	Account #	Principal Balance	Interest Balance	Total
Smart Metering Entity Charge Variance Account	1551	$ (87,849)	$ (3,095)	$ (90,944)
RSVA - Wholesale Market Service Charge	1580	$ (314,550)	$ (58,947)	$ (373,497)
Variance WMS – Sub-account CBR Class B	1580	$ (43,724)	$ (2,517)	$ (46,241)
RSVA - Retail Transmission Network Charge	1584	$ 875,749	$ 34,662	$ 910,411
RSVA - Retail Transmission Connection Charge	1586	$ 906,678	$ 32,239	$ 938,917
RSVA - Power (excluding Global Adjustment)	1588	$ (351,118)	$ (14,337)	$ (365,455)
RSVA - Global Adjustment	1589	$ (1,950,175)	$ (54,600)	$ (2,004,775)
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	$ -	$ (291,330)	$ (291,330)
Subtotal		**$ (964,989)**	**$ (357,925)**	**$ (1,322,914)**

Group 2 and Other Accounts	Account #	Principal Balance	Interest Balance	Total
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$ 60,490	$ 8,739	$ 69,229
Other Regulatory Assets - Sub-Account - Other	1508	$ 900,000	$ 77,507	$ 977,507
Other Regulatory Assets - Sub-Account - Pole Attachment Revenue variance	1508	$ (58,345)	$ (1,464)	$ (59,809)
Retail Cost Variance Account - Retail	1518	$ 290,616	$ 28,840	$ 319,456
Pension and OPEB forecast accrual vs actual cash payments differential	1522	$ -	$ (42,801)	$ (42,801)
Retail Cost Variance Account - STR	1548	$ (28,470)	$ (3,530)	$ (32,000)
Deferred Rate Impact Amounts	1574	$ 271,151	$ 51,435	$ 322,586
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra ac	1592	$ (337,346)	$ (77,434)	$ (414,780)
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax C	1592	$ (3,902,465)	$ (293,237)	$ (4,195,702)
LRAM Variance Account	1568	$ 2,610,859	$ 161,123	$ 2,771,982
Smart Grid Capital Deferral Account	1534	$ 52,562	$ 2,523	$ 55,085
Smart Grid OM&A Deferral Account	1535	$ 360,282	$ 34,037	$ 394,319
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	$ (24,141,061)	$ (7,263,563)	$ (31,404,624)
Subtotal		**$ (23,921,727)**	**$ (7,317,825)**	**$ (31,239,552)**
GRAND TOTAL		**$ (24,886,716)**	**$ (7,675,750)**	**$ (32,562,466)**

TABLE 1-24: Deferral and Variance Account Balances for Disposition

Table 1-25 summarizes the Billing Determinants and Allocators used for the rate rider computations, including the split between RPP and Non-RPP customers.

Line No	Rate Class	Customer/ Connections	Total kWh	Total kW	Non-RPP kWh	Non-RPP kW
1	Residential	80,293	555,916,913	-	15,610,676	-
2	General Service <50 kW	7,131	195,457,487	-	27,195,353	-
3	General Service > 50 kW to 4,999 kW	1,274	910,869,945	2,562,347	742,476,099	2,071,136
4	Large Use Regular	6	281,863,540	542,339	281,863,540	542,339
5	Large Use 3TS	3	277,391,364	528,993	277,391,364	528,993
6	Street Lighting	24,188	6,419,124	18,431	6,400,935	18,379
7	Sentinel Lighting	512	735,308	2,038	63,182	174
8	Unmetered Scattered Load	721	2,221,924	-	2,133,169	-
9	**Total**	**114,128**	**2,230,875,605**	**3,654,148**	**1,353,134,320**	**3,161,020**

TABLE 1-25: Billing Determinants and Allocators for Rate Rider Calculations

Table 1-26 contains a list all Group 2 and Other Accounts which ENWIN will continue and discontinue on a go-forward basis.

Description	Account	Continue/Discontinue
Other Regulatory Assets	1508	Continue
Other Regulatory Assets - Pole Attachment Revenue Variance	1508	Discontinue
Other Regulatory Assets - Sub Account One Time IFRS Transition Costs	1508	Discontinue
Other Regulatory Assets - Sub Account OEB Cost Assessment	1508	Continue
Retail Cost Variance Account – Retail	1518	Discontinue
Pension and OPEB Forecast Accrual vs. Cash Payments	1522	Continue
Smart Grid Capital Deferral Account	1534	Continue
Smart Grid OM&A Deferral Account	1535	Continue
Retail Cost Variance Account - STR	1548	Discontinue
Smart Meter Capital and Recovery Offset Variance	1555	Discontinue
Meter Cost Deferral Account (MIST Meters)	1557	Continue
LRAM Variance Account	1568	Continue
Deferred Rate Impact Amounts	1574	Discontinue
IFRS-CGAAP Transition PP&E Amounts Balance	1575	Discontinue
HST Savings	1592	Discontinue

TABLE 1-26: Group 2 and Other Accounts – Continue and Discontinue

1.6.9 Bill Impacts

Table 1-27 summarizes the customer bill impacts by customer rate class, for typical consumers based upon the proposed distribution rates, load forecast, and disposition of deferral and variance accounts provided for in this Application.

Customer Class	kWh	kW	Distribution (Fixed & Volumetric)				Total Bill (Excluding HST)			
			Current 2019	Proposed 2020	$ Change	% Impact	Current 2019	Proposed 2020	$ Change	% Impact
Residential	750	-	$28.10	$28.14	$0.04	0.14%	$105.76	$106.46	$0.70	0.66%
General Service < 50 kW	2,000	-	$67.93	$65.24	($2.69)	-3.96%	$271.59	$270.05	($1.54)	-0.57%
General Service > 50 to 4,999 kW	65,000	200	$1,148.25	$1,107.79	($40.46)	-3.52%	$9,752.12	$9,397.87	($354.25)	-3.63%
Large Use 3TS	8,834,000	15,800	$79,946.72	$86,901.62	$6,954.90	8.70%	$1,106,610.17	$1,109,749.37	$3,139.20	0.28%
Large Use - Regular	4,323,000	7,900	$27,733.45	$21,421.89	($6,311.56)	-22.76%	$574,247.50	$549,045.59	($25,201.91)	-4.39%
Street Lighting	269,000	800	$73,451.43	$62,975.77	($10,475.66)	-14.26%	$108,654.02	$96,837.23	($11,816.79)	-10.88%
Sentinel Lighting	255	1	$24.90	$26.02	$1.12	4.50%	$51.63	$52.97	$1.34	2.60%
Unmetered Scattered Load	6,100	-	$249.55	$251.16	$1.61	0.65%	$868.18	$874.00	$5.82	0.67%

TABLE 1-27: Bill Impacts by Rate Class

1.7 Customer Engagement

1.7.1 Overview

At ENWIN, a paramount element of our strategic compass is customer service focus as evidenced by its segregated placement at the top of the compass. In order to create and maintain customer satisfaction, open communication and effective conduits to receive feedback is necessary. In accordance with the 2019 Filing Requirements, ENWIN undertook a multi-faceted cost of service application specific customer engagement process to help shape the development of the consolidated DSP, and more broadly, the overall proposals included within the application. The customer engagement requirement presented a unique challenge as the DSP is very much a technical document which can be difficult to understand, and ENWIN recognizes that the electricity industry in Ontario is often misunderstood by customers. This tasked ENWIN to provide customers with enough background information to gather an informed opinion about the customers' needs, expectations and preferences with respect to the DSP. ENWIN began the application specific engagement activities early enough in order to undertake more of a "blue sky" approach, such that feedback received could be incorporated into proposals which shaped the final Application. ENWIN engaged an experienced research based consultant to aid the customer consultation process. In addition, ENWIN regularly participates in a customer satisfaction survey. Details of these consultations can be found in Sections 1.7.2 and 1.7.3 of this Exhibit.

Further to the direct application specific customer engagement activities and ongoing customer surveys, ENWIN is involved in numerous community events which afford staff the opportunity to elicit feedback on a regular basis. Social medial interaction also provides the opportunity to educate customers, keep them informed and encourage feedback. The following ongoing initiatives are detailed in Attachment 1-F of this Exhibit and are consistent with Board Appendix 2-AC – Customer Engagement Activities Worksheet:

- Community Support Program
- Help for Windsor's Homeless
- Safety events at the Safety Village
- Education and Scholarship Opportunities
- Local fundraising in support of charitable organizations
- Children and families "meet our machines" at community events
- Electricity conservation with students in concert with Essex Region Conservation Authority
- John McGivney Children's Center Superhero Fun Day
- Rotary Club of Windsor Centennial Plaza Sculpture Lighting
- Windsor Earth Hour event
- United Way support and events

1.7.2 Methods of Engagement

ENWIN engaged Innovative Research Group Inc. ("Innovative") to conduct broad, multi-faceted research to gain insight into ENWIN's customer's priorities, needs and preferences in support of the development of ENWIN's proposed Distribution System Plan. The field work to inform the research was performed from March 2, 2017 through to April 13, 2017. The research opportunity was characterized as follows.

The OEB's "consumer-centric" approach to rate applications contained in the Renewed Regulatory Framework for Electricity (RRFE) requires Local Distribution Companies (LDCs) to demonstrate that their services are provided in a manner that responds to identified customer needs and preferences. Distributors are required to provide an overview of customer engagement activities that they have undertaken with respect to its plans and how customer needs and preferences have been reflected in the distributor's application. These requirements have the effect of bringing customers directly into the process of finding the right balance between distribution costs and reliability.

The OEB does not specify how customer engagement should be done or how customer feedback should be received. However, it has encouraged utilities to use "both existing and new processes". ENWIN's customer engagement was designed with this in mind, where customer feedback was collected using multiple methodologies, including: an online workbook, focus groups, workbooks, one-on-one interviews, and telephone surveys.

Running a customer engagement consultation has its challenges, a key challenge anticipated and experienced was customers' general lack of familiarity with the distribution system; including how it is funded, regulated and the nature of its challenges.

Considering this challenge, ENWIN, in consultation with Innovative, developed a process built on five key principles:

1. Ensure all ENWIN customers have an opportunity to be heard.
2. Use random-sampling research elements to ensure a representative sample of customers are engaged.
3. Create open voluntary processes that allow anyone who wants to be heard an opportunity to express themselves.
4. Focus on fundamental value choices. Look for questions that ask people to choose between key outcomes rather than focus on the technical questions of how to reach those outcomes.
5. Create an opportunity for customers to learn the basics of the distribution system so they can provide a more informed point of view.

Based on the principles outline above, ENWIN and Innovative collaborated to design a multi-faceted customer engagement program which included a combination of qualitative and quantitative research elements. The consultation was designed to engage multiple rate classes and collect feedback on their priorities, needs and preferences as they relate to ENWIN's service delivery and the capital investment and operational spending required in order to deliver the services customers' value. Findings from the customer engagement initiative assisted to inform the design of ENWIN's DSP submitted in Exhibit 2 of this application.

The five core elements of the customer engagement included:

Small business (GS<50kW) and Residential Consultation Groups: This qualitative phase of the consultation was designed to educate customers, assess their preferences and priorities, gauge reaction to potential rate changes, and ultimately inform the quantitative phases of the consultation. The groups were randomly recruited and held in the City of Windsor. A workbook was used to provide the participants with core information about both the provincial and local electricity system, ENWIN's proposed capital investment and operating spend to maintain system reliability, as well as the potential range of rate impacts for each respective rate class.

Mid-Market Workshops: Mid-Market customers (GS > 50 kW) were engaged through a randomly recruited workshop. This workshop included a presentation delivered by ENWIN CDM and engineering staff on the development of the utility's DSP and a potential range of rate implications for this rate class, a Q&A session with ENWIN staff, and "breakout style" discussion groups led by Innovative staff to solicit feedback.

Key Account Validation Interviews: Key Accounts (Large Use customers) were consulted on the proposed plans and options by ENWIN staff through one-on-one meetings. Innovative followed-up by telephone with these customers after their consultation session to validate the process and to verify that ENWIN provided them with the information they needed to provide informed feedback on the proposed plan.

Online Workbook: The online workbook was promoted through print and digital advertising by local media outlets, social media, as well as ENWIN's website. This phase of the consultation was available to any ENWIN customer who wanted to participate.

Random Telephone Surveys: Innovative conducted telephone surveys with residential and small business (GS < 50kW) customers to provide a quantitative assessment of key aspects of the system plan. Customer lists for both respondent groups were provided by ENWIN and the sample was randomly selected by Innovative.

A copy of the Customer Engagement Report drafted by Innovative can be found appended to the DSP in Exhibit 2. The insights obtained from customer engagement activities as detailed in Section 5.2.1(b) of the DSP discusses how the results of assessing these activities are reflected in the distribution system plan. Section 5.4 of the DSP further summarizes the planned projects/activities for the 2020 test year relative to customer preferences.

Utility Pulse Survey

ENWIN also engaged customers by participating in the most recent 2018 Electric Utility Customer Satisfaction Survey conducted by Utility Pulse. The survey's purpose is to profile the connection between ENWIN and its customers. The survey is a phone questionnaire which was answered by 401 residential and small commercial customers, by people who pay or look after the electricity bill. The participants were randomly selected from a list of residential and commercial customers supplied to Utility Pulse by ENWIN. The interviews took place from September 17th to October 19th, 2018. ENWIN further engaged Utility Pulse to survey 60 of ENWIN's GS>50 kW customers, with individuals who have the responsibility to interact with the utility in the event of a power outage. The participants were randomly selected from a list of GS>50kW customers supplied to Utility Pulse by ENWIN. The interviews took place from September 19th to October 10th, 2018.

The Utility Pulse survey covers the following topics; outage frequency and outage response, customer focus, customer satisfaction, first contact resolution, operational effectiveness, service quality, operating expense, credibility, and customer affinity.

The result of the survey is a Utility Pulse Report Card. This report card provides ENWIN with a snapshot of performance across six categories that research has shown to be important to customers which influence satisfaction and affinity levels with their utility. A complete copy of the 2018 Customer Satisfaction Survey results is found at Attachment 1-G to this exhibit.

EnWin Utilities' UtilityPULSE Report Card®					
Performance					
	CATEGORY	EnWin Utilities	National	Ontario
1	**Customer Care**	**B+**	**B+**	**B+**
	Price and Value	B	B	B
	Customer Service	A	A	B+
2	**Company Image**	**A**	**B+**	**B+**
	Company Leadership	A	B+	B+
	Corporate Stewardship	A	A	B+
3	**Management Operations**	**A**	**A**	**A**
	Operational Effectiveness	A	A	A
	Power Quality and Reliability	A+	A	A
	OVERALL	**A**	**A**	**B+**

TABLE 1-28: 2018 Electric Utility Customer Satisfaction Survey Report Card

1.7.3 Consultation with Other Parties

As ENWIN is a wholly owned subsidiary of the City of Windsor, the organization maintains a very close working relationship with the City of Windsor personnel within the Engineering, Planning and Administrative departments.

As a key stakeholder, ENWIN provides a five year capital plan overview, as well as detailed plans to City of Windsor officials on an annual basis. Generally the outcome of these consultations provides ENWIN with direction on System Access projects relating to; road widening, line relocations and subdivision creation/expansion. These projects tend to be initiated by the City of Windsor and have impacted the near-term budgeting process for ENWIN. In addition, this consultation also allows the City of Windsor the opportunity to coordinate construction activities and beautification projects with ENWIN's system plans.

On a regular basis, ENWIN discusses key priorities, initiatives and projects with City Council members at its annual meeting. There is regular consultation and participation at a Municipal level on a number of issues which affect our customers and community.

ENWIN attends with a booth at City of Windsor ward meetings to engage with residential customers in face-to-face discussions.

ENWIN also actively reaches out to a number of local infrastructure owners including third party attachers in its service territory and provides them with information relating to renewal efforts throughout the city. This allows the other infrastructure owners to plan their upgrades in conjunction with ENWIN. The intent is to reduce the occurrence of third parties attaching to infrastructure that is targeted for replacement in the near term.

ENWIN does have a mature planning process relating to System Renewal efforts and as a result creates a path for several other infrastructure owners to follow during their respective planning processes. The consultation with other parties' aids in the effective delivery of services throughout the service territory and helps to prevent increased costs associated with miss-coordinated planning.

ENWIN is an active member of the working group and the Local Advisory Committee ("LAC") for the Windsor Region Integrated Infrastructure Regional Planning. ENWIN representatives have participated and consulted with the IESO regarding future system considerations.

1.7.4 Summary of Customer Needs and Preferences

The DSP customer engagement process afforded ENWIN the opportunity to inquire with customers about their needs, preferences and priorities. As discussed in Section 1.7.2 of this Exhibit, the survey method provided the customers with an overview of the development of the DSP, as well as the necessary feedback to ENWIN of informed customer opinions. This process proved beneficial for ENWIN, reiterating what customers have historically communicated and providing ENWIN a renewed appreciation for the customer's perspective.

Customer Needs

Overall, customers are satisfied with ENWIN's performance on almost all measures that directly affect them and their organizations, including power quality, reliability and customer service.

Overall Satisfaction across Consultation Phases

Q. Generally speaking, how satisfied are you with the job EnWin is doing running your electricity distribution system?

Response	Directional (Focus Groups)		Directional (Workshop)	Directional (Online)	Directional (Validation Interviews)	Generalizable (Telephone Surveys)	
	Residential	Small Business	Mid-Market (>50kW)	Residential	Key Accounts	Residential	Small Business (<50kW)
Very satisfied	n=9	n=4	n=4	38%	n/a	30%	31%
Somewhat satisfied	n=4	n=5	n=7	31%	n/a	44%	53%
Neither satisfied nor dissatisfied	n=3	n=2	n=0	17%	n/a	6%	7%
Somewhat dissatisfied	n=0	n=1	n=2	10%	n/a	9%	4%
Very dissatisfied	n=0	n=1	n=1	3%	n/a	10%	5%
Don't know / Refused	n=0	n=0	n=0	1%	n/a	1%	1%
	n=16	n=13	n=14	n=114	n=5	n=560	n=200

Note: Online General Service (n=2) responses not shown

TABLE 1-29: Overall Satisfaction across all Consultation Phases

In the table above, 'directional' is synonymous with qualitative. Findings from these phases capture broad ideas and determine what questions should be asked in subsequent phases, however the preferences and opinions expressed here cannot be said to be representative of the population as a whole. In contrast, findings from the 'generalizable' are quantitative, and are representative of the population.

In the quantitative phase questions were framed to determine satisfaction with various aspects of reliability; number of outages, restoration time, and power quality. All measures show a high degree of satisfaction as illustrated in the table below.

Satisfaction with Reliability	Telephone	
	Residential	Small Business (<50kW)
Number of Outages	87%	93%
Restoration Time	88%	88%
Power Quality	85%	82%

TABLE 1-30: Satisfaction with Reliability

Customer Priorities

ENWIN has historically heard from customers that they require low cost, reliable electricity. As shown in Table 1-29 below, when low volume (i.e. residential and small commercial) customers were provided a list of areas to which ENWIN could allocate resources and attention, and were asked to rank their top three of six measures. The top priority, consistent across groups, was the need to **deliver electricity at a reasonable price, followed by maintaining reliability and safety**.

Top 3 Customer Priorities	Online	Telephone	
	Residential	Residential	Small Business (<50kW)
1st	Price	Price	Price
2nd	Reliability	Reliability	Reliability
3rd	Safety	Safety	Safety

TABLE 1-31: Low Volume Customer Top Priorities

Customer Preferences

Customers expect ENWIN to **maintain a proactive capital investment program** that either improves or maintains system reliability.

Telephone Survey Respondents	Residential	Small Business (<50kW)
Addressing the *Frequency* of unexpected power interruptions		
Spend what is needed to **reduce** # of power outages	23%	25%
Spend what is needed to **maintain** current levels	51%	49%
Accept more power outages in order to help costs from rising	14%	14%
Addressing the *Length* of unexpected power interruptions		
Spend what is needed to **reduce** length of power outages	25%	23%
Spend what is needed to **maintain** current levels	47%	50%
Accept longer power outages in order to help costs from rising	19%	17%
General Plant Investments (fleet, tools, IT systems)		
Be wise with spending, but important staff have needed equipment	58% ✓	50% ✓
Find ways to make do with existing equipment	35%	39%
System Renewal Investments (aging/end-of-life replacement of infrastructure)		
Invest in replacing aging infrastructure	45%	49%
Lower investment to lessen bill impact, even if reliability decreases	44%	37%
System Service Investments (new technology investments)		
Technology will save money in the long run	69% ✓	73% ✓
New technologies are more of a luxury	21%	19%

Majority of low-volume customers want EnWin to spend what is needed to either *maintain* or *improve* reliability

TABLE 1-32: Low Volume Customer Preferences - Reliability

Reaction to Proposed DSP Investment Plan

Most customers **accept the potential range of rate increases to finance ENWIN's proposed DSP**. Customers were presented with some scenarios of possible rate impact scenarios, ranging from 3% to 9%.

Ultimately, 54% of residential customers and 59% of small business (>50kW) customers accept the potential range of rate increase.

Response	Directional (Focus Groups)		Directional (Workshop)	Directional (Online)	Directional (Validation Interviews)	Generalizable (Telephone Surveys)	
	Residential	Small Business	Mid-Market (>50kW)	Residential	Key Accounts	Residential	Small Business (<50kW)
The rate increase is reasonable and I support it	n=5	n=2	n=1	9%	n=0	17%	20%
I don't like it, but I think the rate increase is necessary	n=8	n=3	n=7	32%	n=2	37%	39%
The rate increase is unreasonable and I oppose it	n=2	n=8	n=3	48%	n=3	36%	32%
Don't know / Refused	n=1	n=0	n=3	11%	n=0	10%	9%
TOTAL	n=16	n=13	n=14	n=114	n=5	n=560	n=200

Note: Online responses for General Service (n=2) not shown

TABLE 1-33: Reaction to Proposed DSP Investment Plan

Among residential customers, the most common reason for supporting the range of potential rate increase, among both those who support it outright and those who don't like it but feel it's necessary, is that the increase is reasonable, necessary and to be expected. This is followed by the acknowledgement that upgrading and maintaining the system is important for the future.

The most common reasons for supporting the range of potential rate increase, among small businesses that support it outright, are that they feel it's a small increase over time and feel it's important to invest in improvements.

General Service > 50 kW Rate Class ("Mid-Market")

General Satisfaction

In comparison to other rate classes, "electricity management" factors more heavily in the daily operations of mid-market participants. Their businesses, and therefore relationships with ENWIN and the electricity system, vary greatly. While some, for example, may manage residential units and receive a large number of bills, and others rely heavily on a large electricity supply to operate their facilities, they all have a basic familiarity with the electricity system in Ontario. Further, almost all (11 of 14) are satisfied with the service they receive. Four reported being very satisfied, and seven somewhat satisfied.

When asked how ENWIN could improve service to them, participants almost unanimously want more proactive communication and assistance with managing and reducing their consumption.

Customer Priorities

Participants were asked to rank their top three key priorities from a list including cost, reliability, safety, and customer service, among others. They showed a clear consensus. Ensuring **reliable electrical service and delivering reasonable electricity prices** are the number one priorities. Tied for second was again delivering reasonable electricity prices and **helping customers with electricity conservation** and efficient usage.

System Reliability

Overall, the reliability of ENWIN's system is good. While participants reported relatively few outages, not lasting great lengths of time, the impression these instances have are lasting. The scale of their operations means that many people and operations are impacted by the quality of their power.

Participants almost unanimously agreed that **ENWIN should invest what it takes to replace the system's aging infrastructure to maintain system reliability, even if that increases their monthly electricity bill by a few dollars over the next few years**. This sentiment was accompanied by the acknowledgement that **investing now, will save money in the future**.

Similarly, almost all participants agreed that **investments in new technology** will increase system reliability, make our local distribution system more efficient, save us money in the long run and attract new businesses to the region.

Conservation

Managing, using and finding ways to conserve is a high priority among participants. Knowledge is power and given the scope of their operations small adjustments can have great impacts. Of the 14 participants, 9 had previously participated in an ENWIN conservation program. Further, almost every participant (12) is **likely to participate in a future program**.

Cost

All things considered, half (7) of the participants acknowledge the necessity of an increase to their rates, albeit with some hesitation. Throughout the consultation, the importance and impact of price on their bottom line was highlighted. They recognize that **infrastructure is aging and adding a little more to their monthly bills is worth it to mitigate the possibility of unreliable service**.

Customer Telephone Surveys

When asked to rank six customer priorities, residential customers overwhelmingly focused on cost. More than 6-in-10 (63%) chose "**delivering electricity at a reasonable price**" as their most important priority, 16% chose it as their second most important and nearly 1-in-10 (8%) felt it was their third key priority. All-in-all, 87% of residential customers felt "delivering electricity at a reasonable price" was a top-three priority.

"**Ensuring reliable electrical service**" was a strong, but distant second to cost. More than 6-in-10 (64%) residential customers felt that reliability was a top-three priority, with 14% who felt it should be 1st, 35% who chose it 2nd, and 14% who felt it was their 3rd priority.

Safety was considered a distant third with a slight majority (51%) of the sample who felt it was a top-three priority (1st: 8%; 2nd: 16%; 3rd: 27%).

Priorities (Residential)

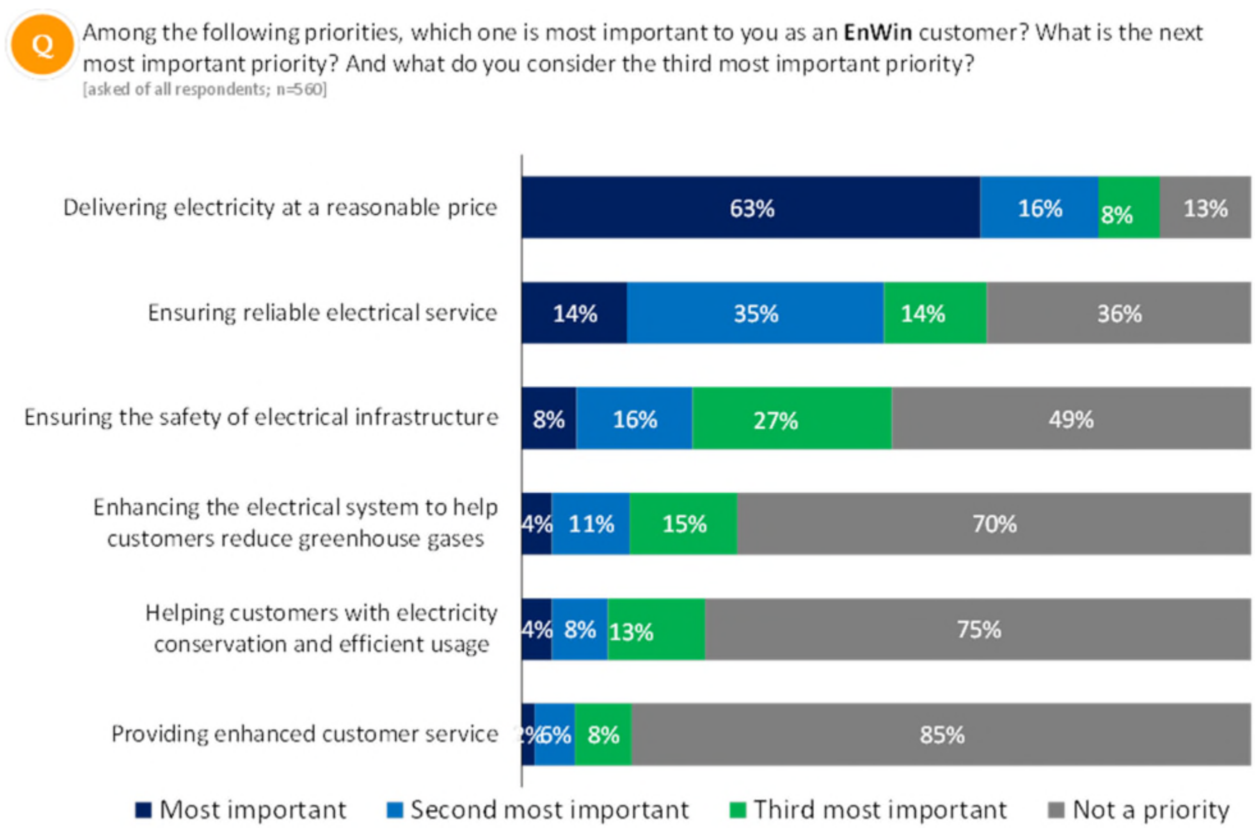


TABLE 1-34: Residential customer priorities

By far, the most important customer priority for small business customers was price. 9-out-of-10 (89%) small business customers felt "**delivering electricity at a reasonable price**" was an important issue, including 2-in-3 (65%) who felt it was the most important issue.

In distant second, 2-in-3 (66%) small business customers felt that "**ensuring reliable electricity service**" was a top-three issue. Less than 2-in-10 (17%) considered it their top issue.

Less than half of small business customers considered "ensuring safety" (49%), "enhancing the system to reduce greenhouse gases" (27%), and "helping customers with conservation" (25%) a top three-issue.

Priorities (Small Commercial)

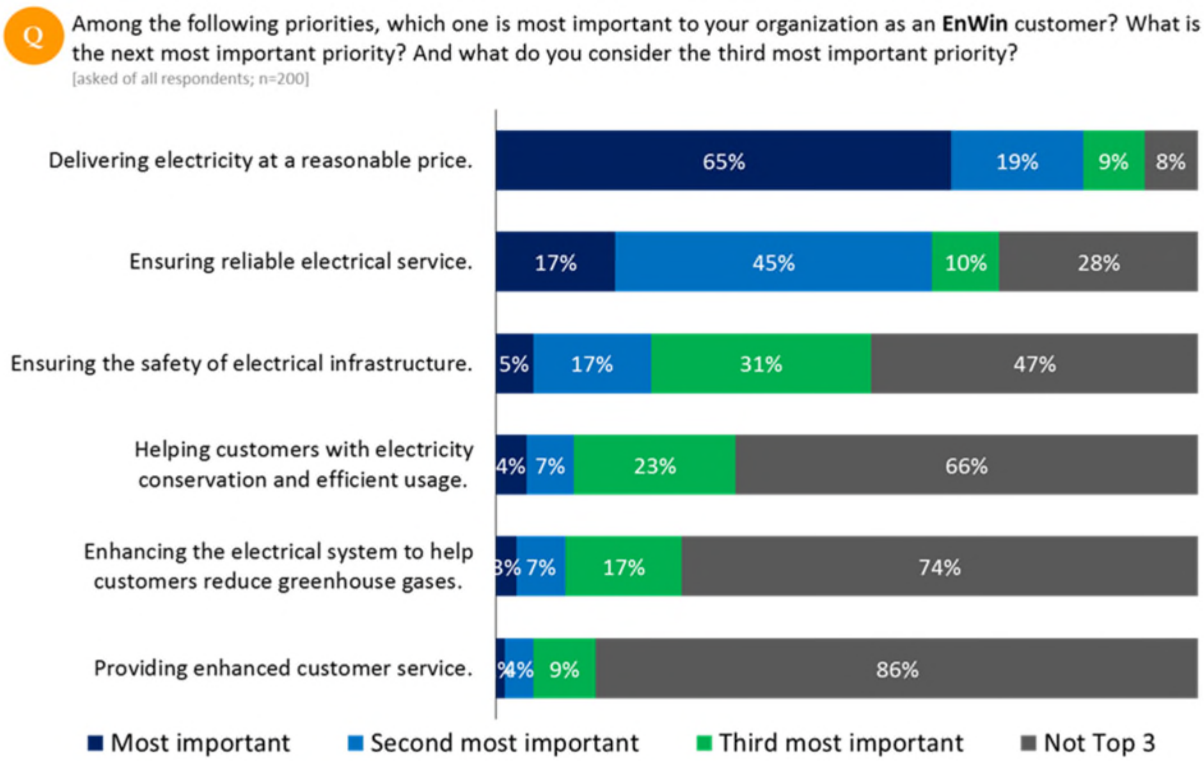


TABLE 1-35: Small Commercial customer priorities

System Reliability Satisfaction (Residential)

A strong majority of residential customers felt **satisfied with the reliability of their service** considering the number of outages, the amount of time it takes to restore power when outages occur and the quality of their power.

Nearly 9-in-10 (87%) said they were satisfied with ENWIN's reliability considering the number of power outages they've experienced. More than half (56%) felt very satisfied and 1-in-3 (32%) felt somewhat satisfied. Just 5% responded that they were dissatisfied with the reliability as judged by the number of power outages.

Roughly the same number said that they were satisfied with the amount of time it takes to restore power during outages (satisfied: 88%, including 55% "very satisfied" and 33% "somewhat satisfied") and the quality of power as judged by the "absence of voltage fluctuations" (satisfied: 85%, includes 53% "very satisfied" and 32% "somewhat satisfied").

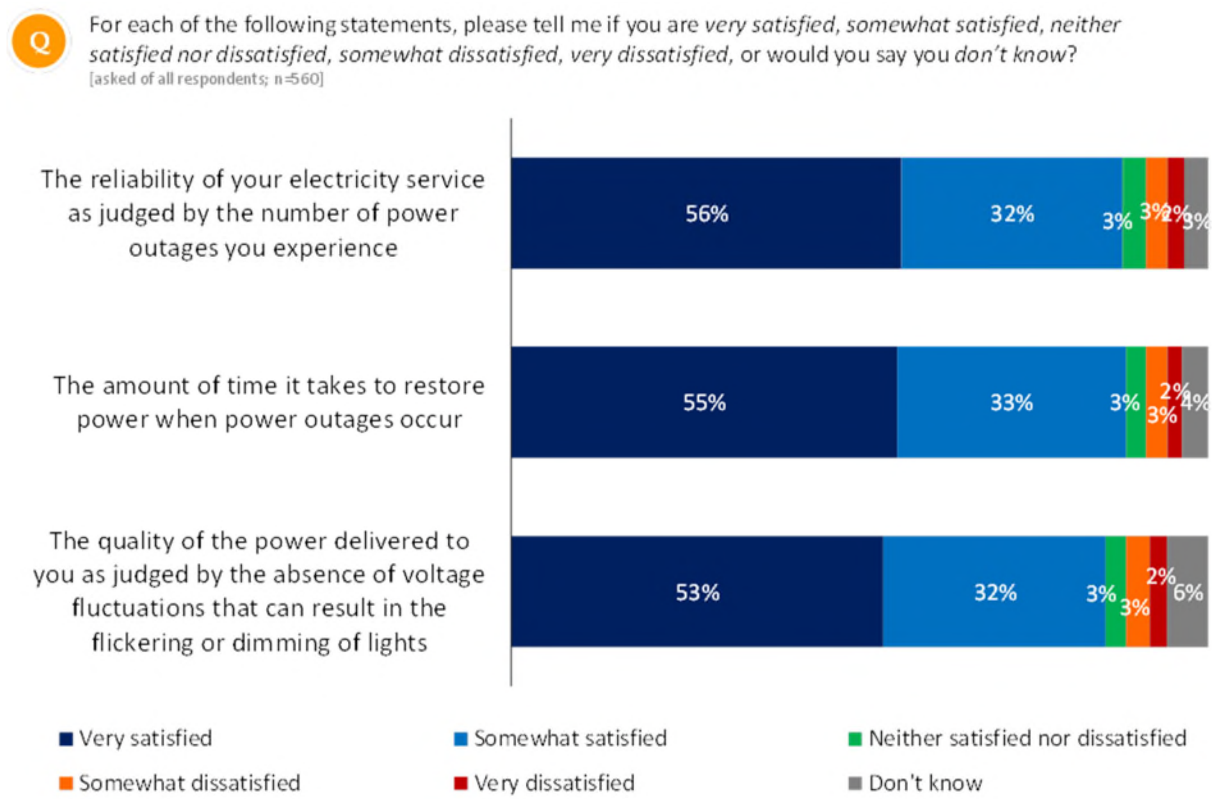


TABLE 1-36: Residential Customer reliability satisfaction

System Reliability Satisfaction (Small Commercial)

Almost all small business customers were **satisfied on all three measures of system reliability**:

- The system reliability judged by number of outages ("very satisfied": 55%; "somewhat satisfied": 38%);
- The amount of time to restore outages ("very satisfied": 51%; "somewhat satisfied": 37%); and
- The quality of power judged by absence of power fluctuations ("very satisfied": 48%; "somewhat satisfied": 34%).

Less than 10% of customers on all three reliability measures felt dissatisfied.

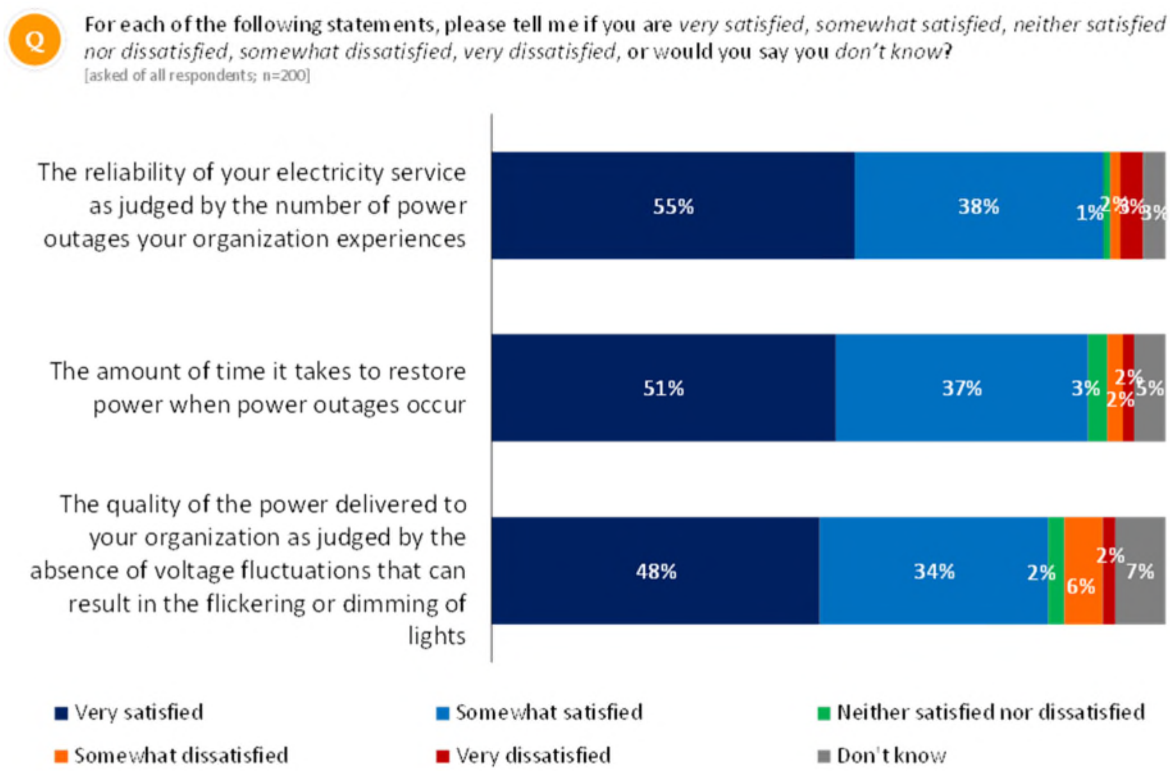


TABLE 1-37: Small Commercial Customer reliability satisfaction

Spending to address Number of Outages (Residential)

When asked about how they would address the number of customer outages, a majority (51%) of residential customers felt ENWIN should "**spend what is needed to maintain the current level of outages**". About 1-in-4 (23%) thought ENWIN should "spend what is needed to reduce the number of outages" and only 14% felt ENWIN should "accept more power outages to help keep customer costs from rising". 1-in-10 (10%) didn't know how to respond.

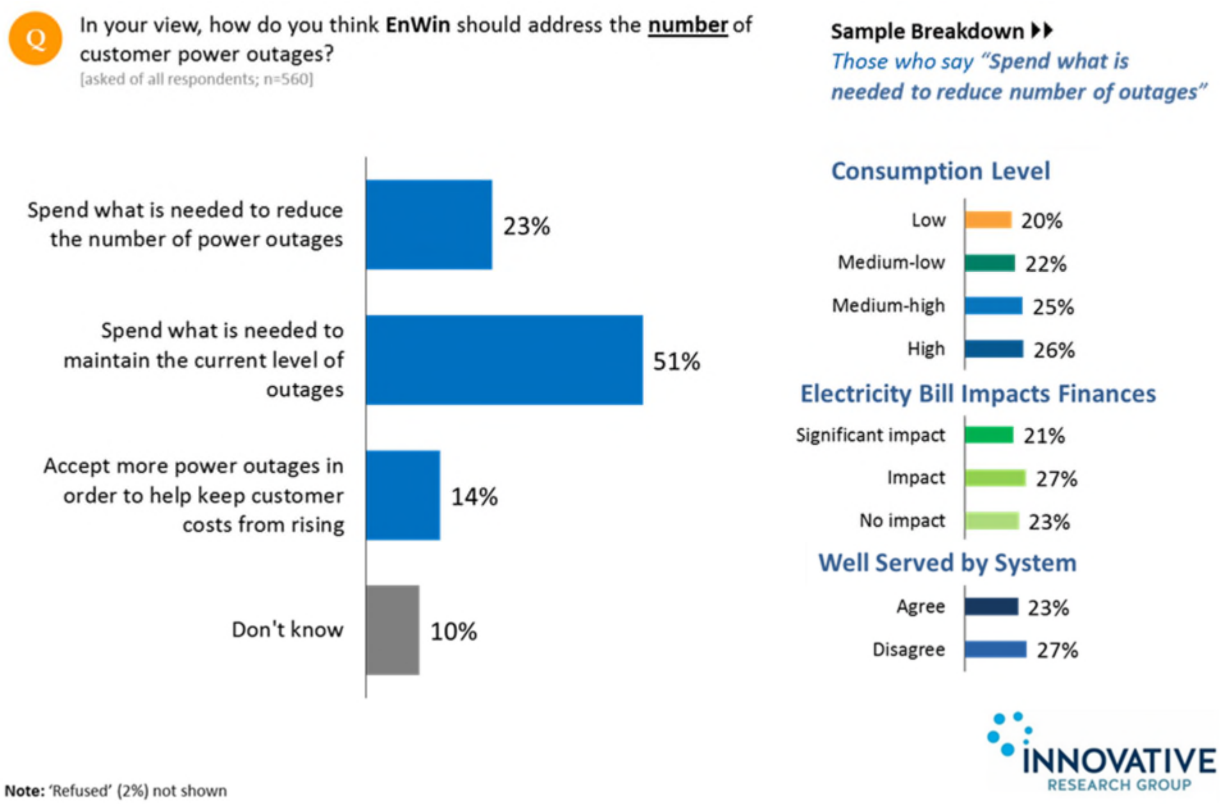


TABLE 1-38: Residential customer preferences – spending for reliability

Spending to address Number of Outages (Small Commercial)

About half (49%) of small business customers felt that ENWIN should **spend what is needed to maintain the current level of outages** and 1-in-4 (25%) thought it should spend to reduce the number of outages. Just 14% felt that ENWIN should accept more outages to prevent rising costs and 1-in-10 (9%) didn't know how they felt.

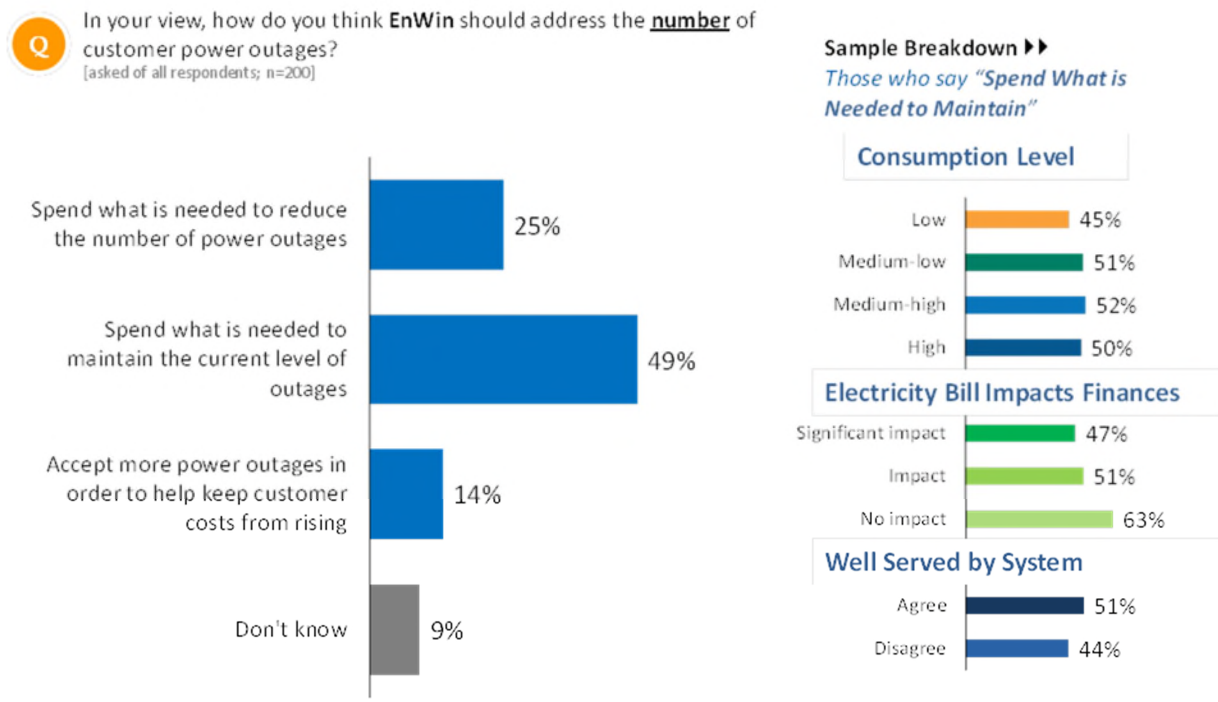


TABLE 1-39: Small Commercial customer preferences – spending for reliability

Spending to address Length of Outages (Residential)

For residential customers when it comes to "length of outages", there was a near-identical breakdown on attitudes. Nearly half (47%) felt ENWIN should **spend what it takes to maintain the current length of outages**, 1-in-4 (25%) said that ENWIN should spend what is needed to reduce the length, and nearly 2-in-10 (19%) thought ENWIN should "accept longer time without power to help stop customer costs from rising".

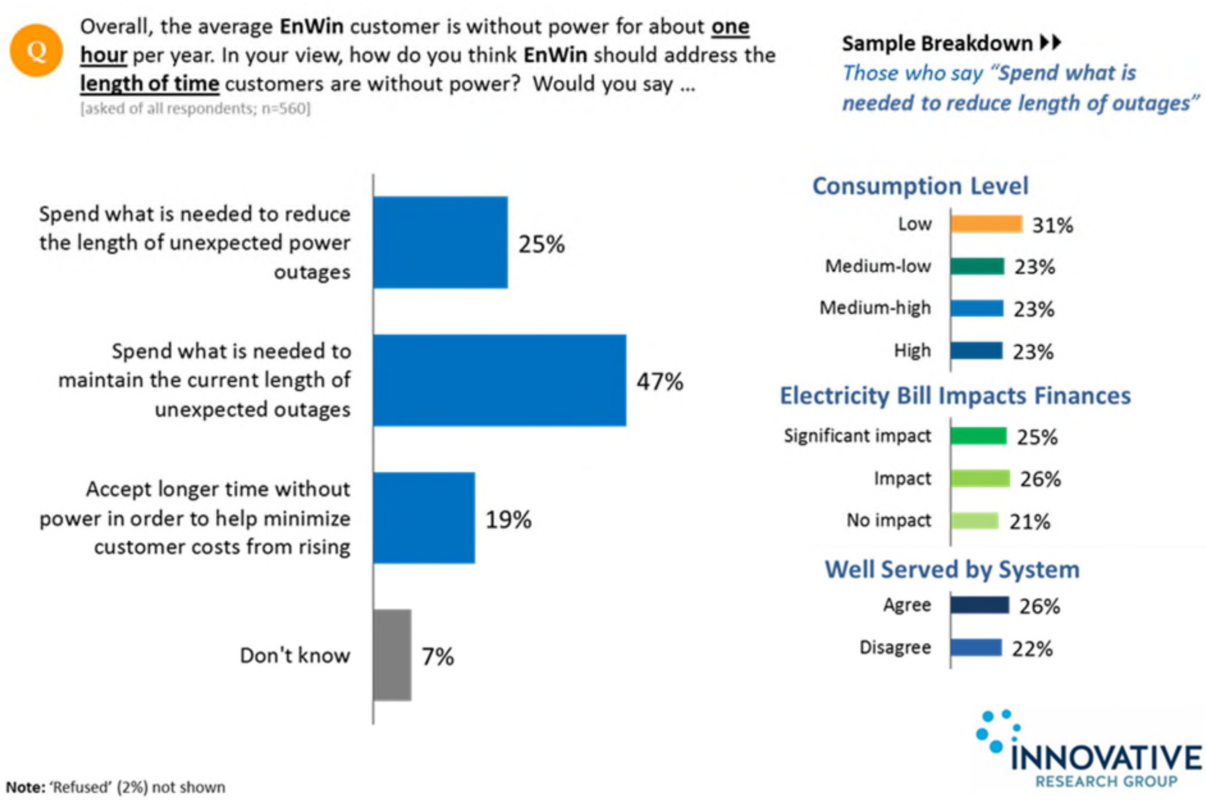


TABLE 1-40: Residential customer preferences – spending for reliability

Spending to address Length of Outages (Small Commercial)

Half (50%) of small business customers felt ENWIN should **spend what is needed to maintain the length of outages** and 1-in-4 (23%) thought it should spend what is needed to reduce the length of them. 15% would accept longer times without power to help minimize rising costs and 7% didn't know how to respond.

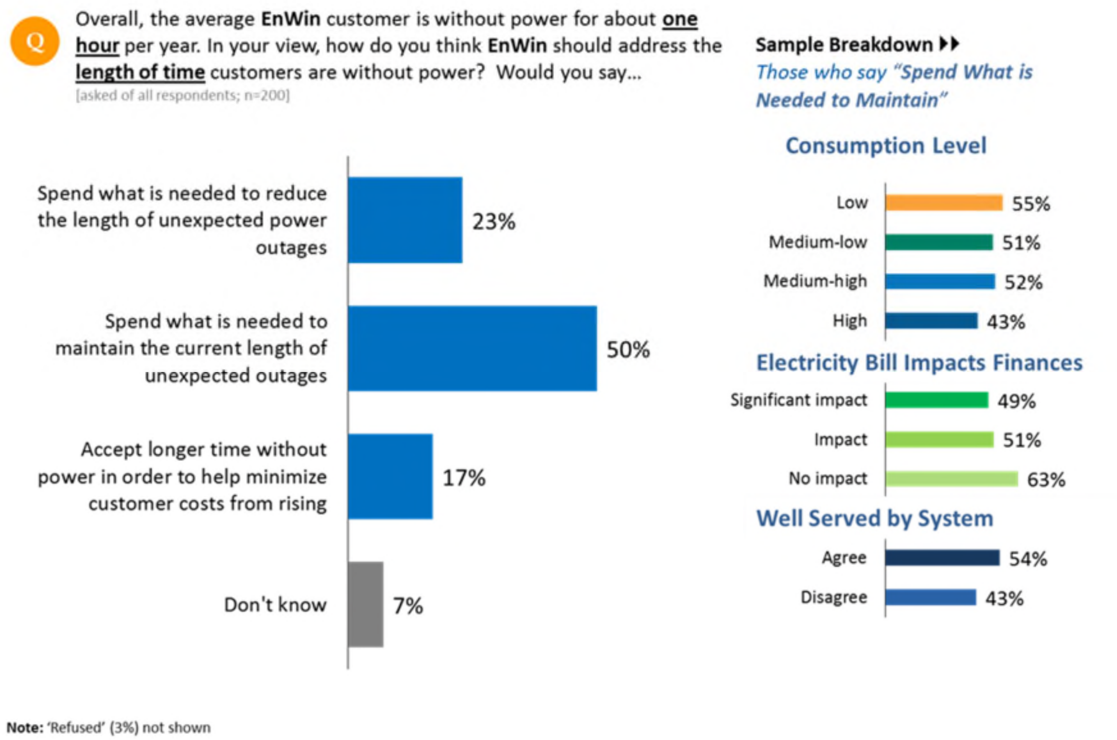


TABLE 1-41: Small Commercial customer preferences – spending for reliability

System Renewal – Modernizing the Grid (Residential)

A strong majority (69%) of residential customers felt it was **important to invest now in modernizing the grid**. Nearly 1-in-4 (24%) considered it "very important" and nearly half (45%) felt it was "somewhat important". Just 2-in-10 (21%) thought it was "not very important" (14%) or "not at all important" (7%). 1-in-10 (11%) either refused (3%) or didn't know how to respond (8%).

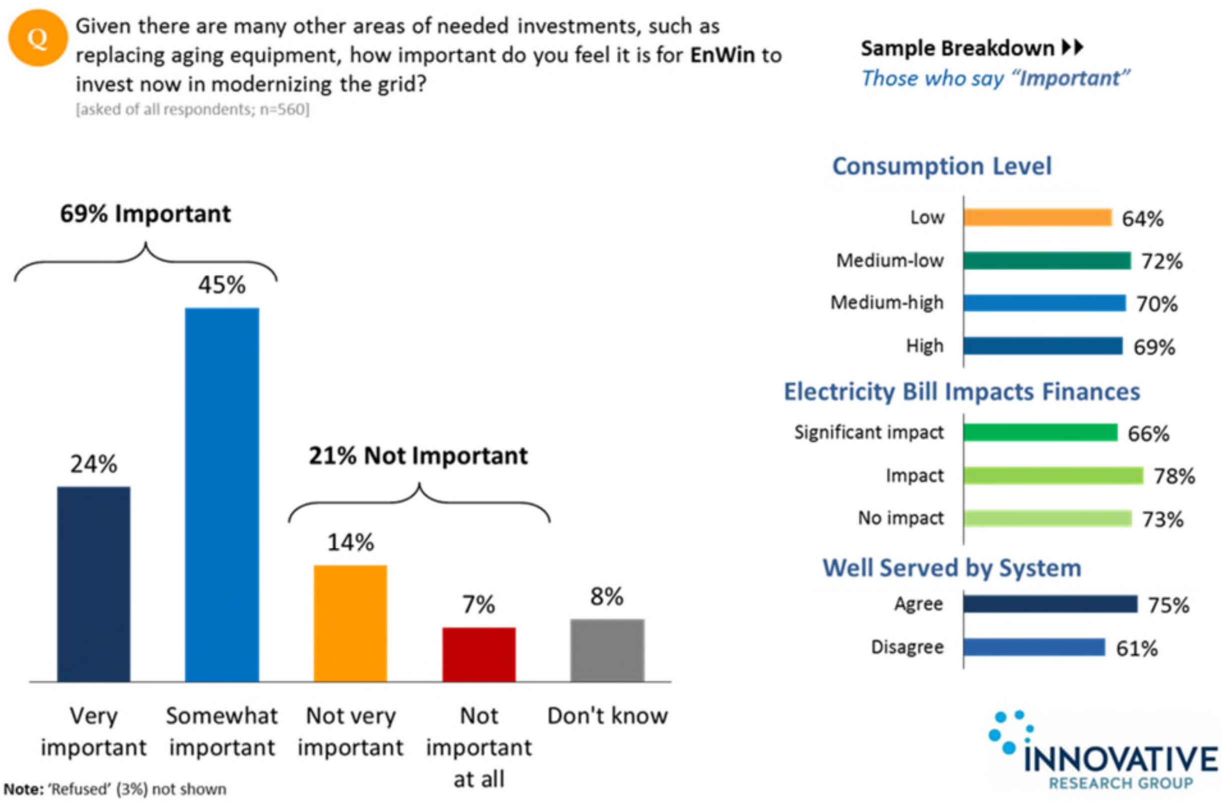


TABLE 1-42: Residential customer preferences – grid modernization

System Renewal – Modernizing the Grid (Small Commercial)

Nearly 3-in-4 (73%) Small business customers felt it was either “very important” (19%) or “somewhat important” (54%) for **ENWIN to invest now, modernizing the grid**. About 2-in-10 (19%) felt it was “not important” and 6% didn’t know how to respond.

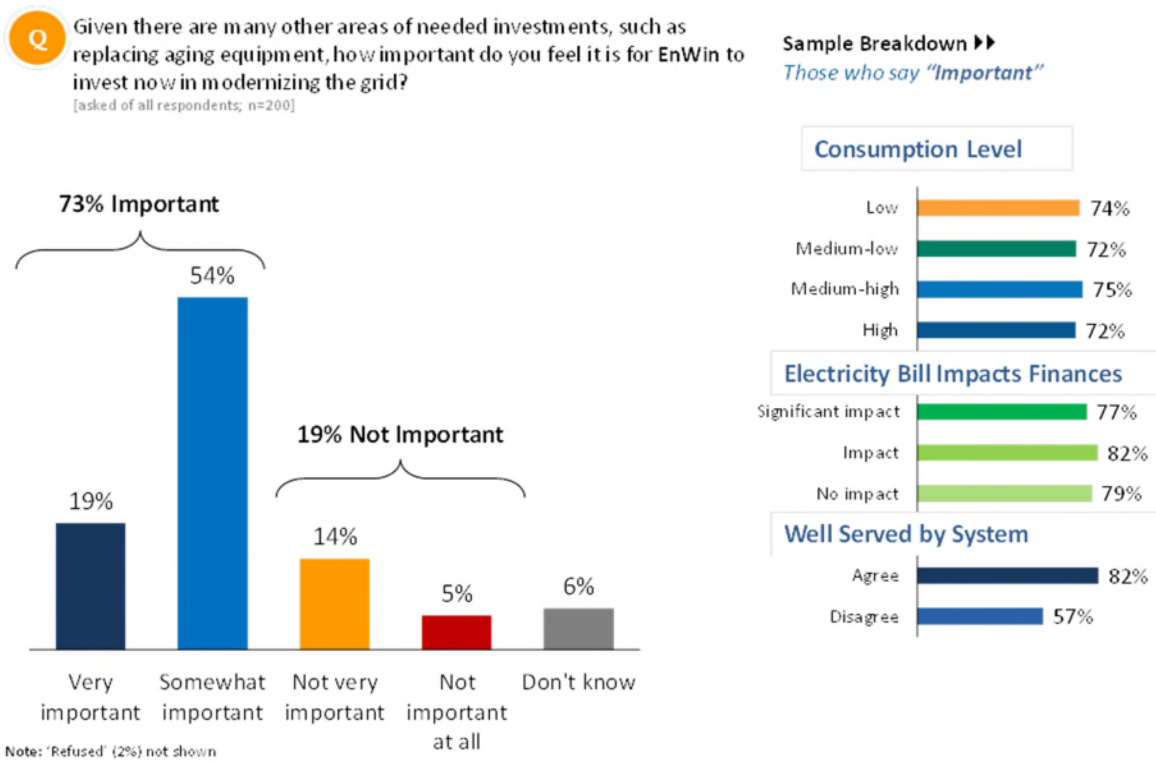


TABLE 1-43: Small Commercial customer preferences – grid modernization

<u>Social Permission for Rate Increase (Residential)</u>

Customers were presented with some scenarios of possible rate impact scenarios, ranging from 3% to 9%. A majority (54%) of residential customers gave **permission for ENWIN's planned rate increase**. Just 17% thought the rate increase is reasonable and support it and less than 4-in-10 (37%) didn't like it, but felt the increase was necessary. About the same number (37%) thought the rate increase was unreasonable and didn't support it.

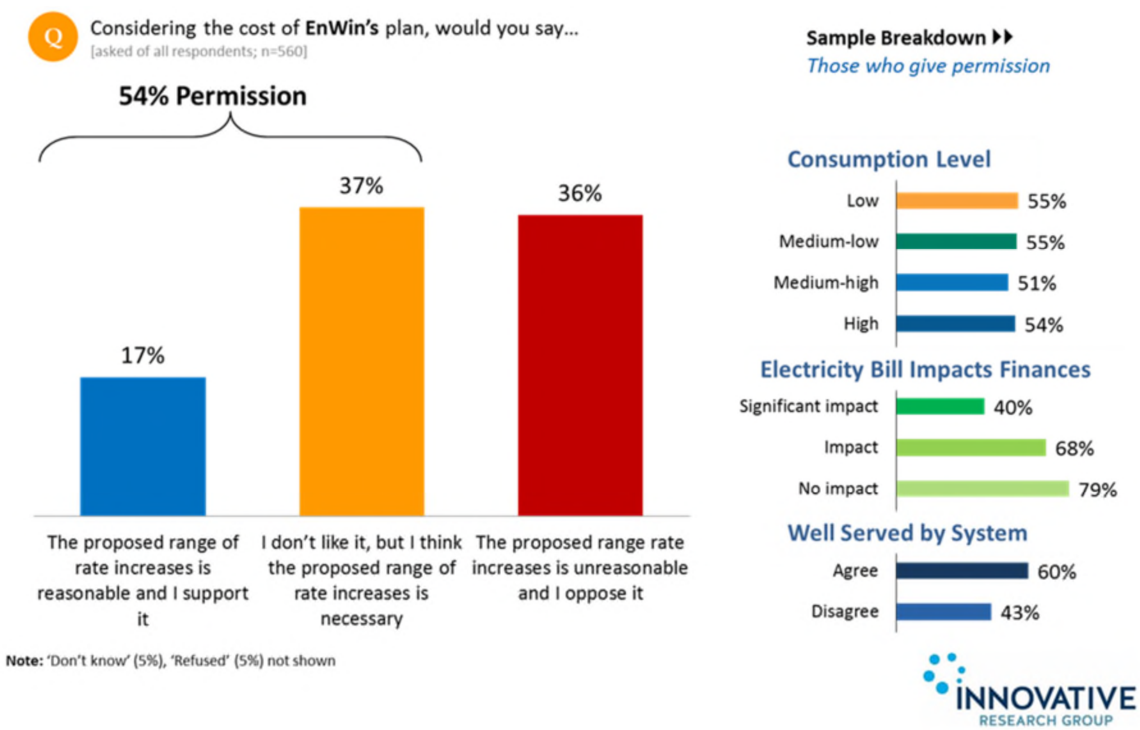


TABLE 1-44: Residential customer preferences – proposed range of rate impacts

Social Permission for Rate Increase (Small Commercial)

Customers were presented with some scenarios of possible rate impact scenarios, ranging from 3% to 9%. Nearly six-in-ten (59%) small business customers felt that either the **potential range of rate increases sounded reasonable and supported it** (20%) or they **didn't like it, but felt it was necessary** (39%). 1-in-3 (32%) thought the potential rate increase was unreasonable and opposed it.

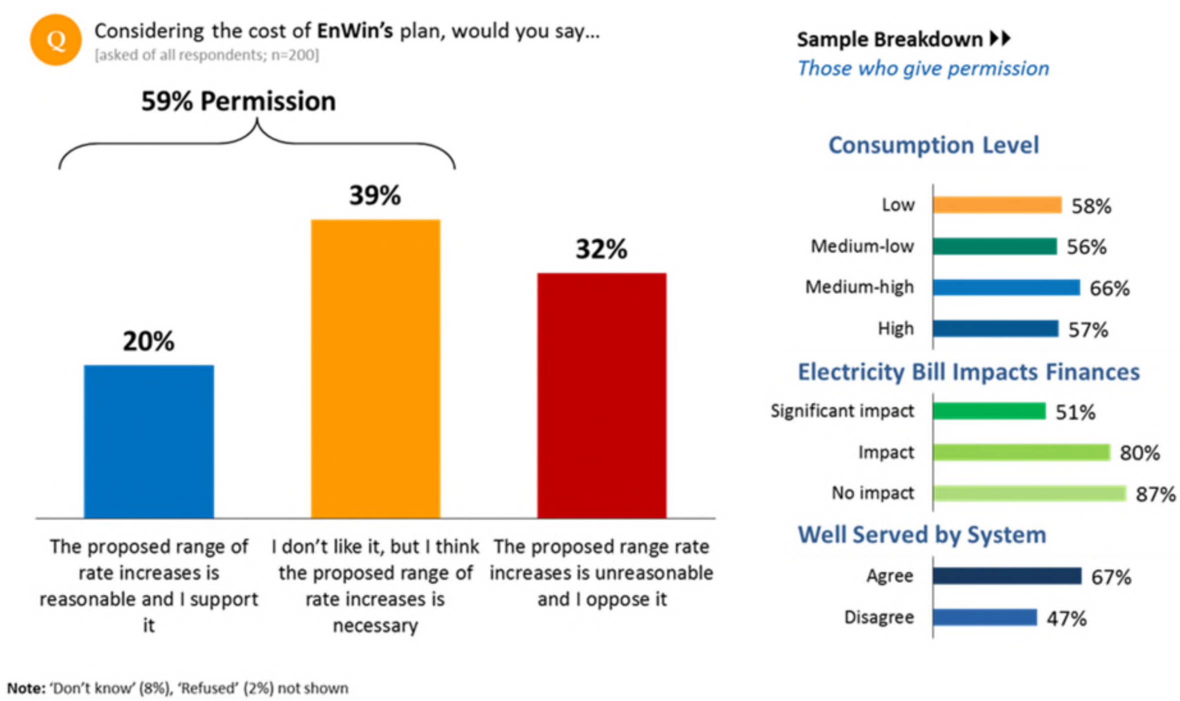


TABLE 1-45: Small Commercial customer preferences – proposed range of rate impacts

ENWIN intends to conduct a second phase of application specific customer engagement. The purpose of this second phase is to follow up with customers (attempts will be made to contact the same cohort of customers from the Phase 1 consultation), but in any event, a statistically relevant sample; in order to confirm that ENWIN has captured the priorities, needs and preferences and struck an appropriate balance between cost and reliability in its DSP and other proposals submitted with this Application. Results from the second phase consultation will be filed with the Board subsequent to the filing of this Application.

1.7.5 Customer Needs, Preferences, Expectations and the DSP

ENWIN has engaged and will continue to engage its customers to gain insight into the specific preferences of the various types of customers within the distribution territory.

The general outcome of these engagement activities is that ENWIN consistently performs at or above industry expectations from across Ontario. Overall customer satisfaction is high; however, ENWIN has received feedback regarding reliability and costs.

As is the case across the province, price, value and overall cost effectiveness is at the top of mind for many consumers. This has been found to be the case for ENWIN as well. For this reason, ENWIN is planning capital expenditures based on maximizing resources and improving efficiencies in an attempt to execute more work at a lower cost. This plan is reflected in the DSP, which can be found in Attachment 2-A in Exhibit 2.

ENWIN has done much to deliver an electrical service that is as cost effective as possible and consequently address customer's top priorities. Projects are prioritized based on benefits achieved, risks mitigated and cost effectiveness. As well, given the experience of so many of ENWINs customers with basement flooding, ENWIN has improved the resilience of its distribution grid by deploying line sensors, line sectionalizers and cross ties. ENWIN has been able to improve its reliability stats and reduce its Customer Average Interruption Duration Index (CAIDI – average length of time of a given outage) numbers even in years in which System Average Interruption Frequency Index (SAIFI – frequency of outages) was increasing. Investments in ENWIN's Supervisory Control and Data Acquisition (SCADA) and Outage Management System (OMS) systems makes it possible to provide customers with a consistent level of service despite increased weather impactors and a continually degrading infrastructure, at a reasonable cost.

ENWINs commercial and industrial customer base have a higher proportion of manufacturers versus many urban center utilities. ENWIN has engaged with these customers and is aware that reliability of power and power quality are extremely important to these customers. These customers increasingly rely on sophisticated and sensitive machinery that does not tolerate even sub-second voltage sags. While there is little that ENWIN can do to actually eliminate these issues, ENWIN has increased its tree trimming efforts in order to try to eliminate as many causes of interruption as possible. In 2018 ENWIN increased it tree trimming radius around primary conductors from 8 to 10 feet to reduce the incidents of tree contact to live lines and improve reliability to customers. As ENWIN is on a 3-year tree trimming cycle, the full effect of the change will not be discernible until 2020 or later.

Safety has always been a tenet at ENWIN and ENWIN's customers identified safety as the third-most important deliverable they expect from ENWIN. ENWIN believes that safety was only third on customer's view of what is important to them as there is an expectation and a belief that safety is a "given" – that ENWIN will ensure the electrical distribution system is safe for the public and safe for ENWIN's workers. A fuller explanation of why ENWIN places safety as a top priority is contained in section 5.3.1 (a) of the DSP.

ENWIN understands the challenges associated with providing its customers with the value for money and in meeting their expectations above. ENWIN's DSP demonstrates ENWIN's considered approach to balancing financial performance (cost), operational performance, risk, and sustainability. The DSP outlines ENWIN's approach to maximizing the value delivered by its assets and to ensuring that ENWIN's distribution system will provide sustainable value to its customers in the future.

1.8 Performance Measurement

1.8.1 Scorecard Measures and Performance

On March 5, 2014, the Board issued its report on *Performance Measurement for Electricity Distributors: A Scorecard Approach*. The report set out the Board's policies on the measures to be used to assess a distributor's effectiveness and improvement in the four performance outcome areas of the RRFE.

ENWIN embraced the Scorecard initiative, and commencing with the 2013 Scorecard (as published in 2014), ENWIN began utilizing the Scorecard as a source of performance measurement. The Scorecard provides continuity on many of the Service Quality Indicators ("SQI's") that ENWIN has tracked in the past, as well as additional new measures.

ENWIN is committed to achieving efficiencies throughout the organization through an Operational Effectiveness focus, which has helped to ensure costs are controlled and opportunities to improve are cultivated. ENWIN has maintained a very high level of performance with respect to the service quality and customer satisfaction scorecard categories and generally outperformed all Board targets. Clearly defined goals along with staff and management focus have contributed to successful outcomes.

ENWIN will not rest on past success. For example, a customer value map will be developed through the customer service strategy. The alignment of ENWIN's strategic goals to support the customer focus outcome ensures ENWIN aligns and shapes its vision of customer service excellence.

In accordance with Section 2.1.8 of the Filing Requirements, "Applicants must identify performance improvement targets, being set by the distributor for itself, that would lead to enhancements to the distributor's scorecard performance over the term of the rate-setting plan." Performance measures used to drive and monitor continuous improvements at ENWIN are divided into three main sections: 1– Customer-Oriented Performance, 2– Cost Efficiency and Effectiveness and 3 – Asset / System Operations Performance. The below table summarizes the performance metrics ENWIN has established, along with their driver, measure and ENWIN target.

Performance Outcome	Measure	Driver	Metric	ENWIN Target
Customer-Oriented Performance	System Reliability	Regulatory/ Consumer	SAIFI	≤ 2.14
			SAIDI	≤ 0.98
			CAIDI	≤ 0.46
			MAIFI	Tracking
			MED/SED	≤ 0.4 / ≤ 14
	Service Quality	Regulatory/ Consumer	Customer Satisfaction Survey Results	≥ 80%
			Low Voltage Connections	≥ 90.0%
			High Voltage Connections	≥ 90.0%
			Telephone Accessibility	≥ 65.0%
			Appointments Met	≥ 90.0%
			Written Response to Enquiries	≥ 80.0%
			Emergency Urban Response	≥ 80.0%
			Telephone Call Abandon Rate	≤ 10.0%
			Appointment Scheduling	≥ 90.0%
			Rescheduling a Missed Appointment	100.00%
			Reconnection Performance Standard	≥ 85.0%
			Power Quality	Tracking
			Worst Performing Feeder	Tracking
Cost Effectiveness and Efficiency	DSP Implementation Progress	Regulatory/ Consumer	Overall DSP Financial Progress vs Plan	≥ 80.0%
	Cost Control	Regulatory/ Consumer	PEG Efficiency Assessment	Group 3
Assets / System Operation Performance	Safety	Regulatory/ Corporate	Public Awareness of Electrical Safety	≥ 80.0%
			Compliance with Ontario Regulation 22/04	Compliant
			Serious Electrical Incident Index	0
			Crew Visits	Tracking
	Grid Performance	Corporate	Distribution Losses	≤ 2.39%

TABLE 1-46: ENWIN Performance Measures, Drivers, Metrics and Targets

Additional details related to performance measurement for continuous improvement are contained in Section 5.2.3 of the Distribution System Plan appended to Exhibit 2.

Please refer to Attachment 1-H in this Exhibit for ENWIN's 2017 Scorecard. ENWIN met all Scorecard targets, with the exception of the "Serious Electrical Incident Index". These have been incidents in which ENWIN had no direct ability to prevent (i.e. contact by an unauthorized third party with ENWIN's distribution system plant). A full review of Scorecard results are discussed below.

1.8.1.1 Performance Category: Service Quality

New Residential/Small Business Services Connected on Time

In 2017, ENWIN connected 100% of its 698 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the OEB. This result is well above the OEB-mandated threshold of 90%. ENWIN's successful result in this measure was achieved by performing daily checks for ESA Authorization, providing instant notification to our Metering department when connections are ready, and by having a quick dispatch process for meter installers. ENWIN's commitment to achieving this requirement also includes pulling crews from other projects when the 5 days window cannot be met by the regular service crews.

Scheduled Appointments Met On Time

When an appointment is either requested by a customer with ENWIN or requested by ENWIN with a customer, ENWIN must schedule the appointment during regular hours of operation, within a 4-hour time window, and an ENWIN representative must arrive for the appointment within the scheduled timeframe. In 2017, ENWIN met its appointment targets for 3,339 appointments scheduled for an overall result of 99.76% of appointments met on time. This result exceeds the OEB industry target for this measure of 90% of appointments met.

Telephone Calls Answered On Time

ENWIN answered 78.2% of calls offered within 30 seconds or less. This percentage increased in 2017 compared to 2016 due primarily to a decrease in call volume. The average ratio of calls received decreased from 7,520 calls per CSR in 2016 to 6,640 calls per CSR throughout 2017. The ratio of calls was 7140 calls per CSR in 2015. The majority of calls logged continue to be related to credit inquiries, moving notifications, and hydro billing inquiries. In 2017, ENWIN has once again exceeded the OEB mandated target of 65% and continues to work hard to answer calls while not increasing staff complement.

Year	Calls per CSR	Calls Answered on Time (%)
2017	6640	78.2
2016	7520	70.7
2015	7140	75.5

Performance Year	New Residential/Small Business Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)
2017	100%	99.80%	78.20%
2016	100%	100%	70.70%
2015	99.10%	100%	75.50%
2014	100%	100%	86.80%
2013	99.70%	100%	82.20%

TABLE 1-47: SCORECARD PERFORMANCE CATEGORY: SERVICE QUALITY

1.8.1.2 Performance Category: Customer Satisfaction

First Contact Resolution

ENWIN successfully resolved 98.04% of calls during the customer's initial contact. ENWIN strives to serve customers in a friendly and professional manner within the first call. We use call monitoring tools to record and archive every call to allow us to evaluate our staff's call handling. Any anomalies or customer escalations are reviewed when warranted. All customer interactions are logged in our CIS System, including any escalations.

Billing Accuracy

ENWIN's billing accuracy is 99.99% which exceeds the OEB-mandated 98% industry target. In 2017, ENWIN produced 1,060,341 bills to its customers. ENWIN routinely reviews its billing processes for compliance and continuous improvement opportunities. In addition, ENWIN continues to offer customers an easy, convenient and environmentally friendly means to securely access and manage their usage data on-line on a daily, weekly or monthly basis through its "ENWIN Connect" web portal.

Customer Satisfaction Survey Results

ENWIN has engaged a third party to conduct customer satisfaction surveys. ENWIN achieved a "Customer Experience Performance Rating" (CEPr) of 84% in 2017, which is above the National average of 83% and the Ontario average of 81% based on others surveyed by UtilityPulse. Factors that are considered as part of the overall customer experience include delivery of accessible and consistent customer service, understanding customer expectations, providing timely issue resolution, providing effective communication(s) according to customer needs, demonstrating responsiveness, conducting problem analysis to prevent recurring issues, ease of engagement on issues, seeking customer feedback and following through on recommendations. The CEPr is only one element of the customer survey. The survey also gathers information on engagement, operational effectiveness and service quality through the eyes of the customer. ENWIN reviews all of the data gathered in the survey to help drive decision making and to continuously improve ENWIN's customer experience. In 2017, information gathered on the importance of various online features to our customers has helped us identify the need to upgrade ENWIN's online customer portal in 2018.

Performance Year	First Contact Resolution	Billing Accuracy (Target: 98%)	Customer Satisfaction Survey Results
2017	98.04%	99.99	Good
2016	97.93%	99.99	Good
2015	98.17%	99.98	Good
2014	97.93%	99.86	Good
2013	N/A	N/A	N/A

TABLE 1-48: SCORECARD PERFORMANCE CATEGORY: CUSTOMER SATISFACTION

1.8.1.3 Performance Category: Safety

Public Awareness of Electrical Safety

ENWIN engaged a third party to conduct a survey of customer perception and overall electrical safety awareness in 2018 and achieved an overall score of 82%. In addition, ENWIN maintained its previous levels of Public Service Announcements (PSA) broadcasting and participation in the local Children's Safety Village programs. ENWIN will continue to support and provide education and training to our community on electrical safety through these initiatives.

Compliance with Ontario Regulation 22/04

ENWIN remains fully compliant with all sections of Ontario Regulation 22/04 (Electrical Distribution Safety). This continued achievement is reflective of ENWIN's strong commitment to safety, adherence to company procedures, policies and the elements of the regulation itself. Ontario Regulation 22/04 establishes objective-based electrical safety requirements for design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and the inspection of construction before it is put into service. The Electrical Safety Authority (ESA) performs Due Diligence Inspections (DDI) throughout the year to ensure utilities remain compliant with the objectives set out in Ontario Regulation 22/04. Both independent and Electrical Safety Authority (ESA) compliance audits yielded only a few opportunities for improvement which have all subsequently been addressed.

Serious Electrical Incident Index

ENWIN experienced and reported 2 (two) Serious Electrical Incidents, as defined in Ontario Regulation 22/04, for the time frame used for this measure (January 01, 2016 to December 31, 2016). Fortunately, there were no injuries to people as a result of these incidents. These incidents qualify as serious electrical incidents because there was potential for injury, regardless that there were no personal injuries. The calculated rate of incidents per 1000km of line is 1.792 for this period. In an ongoing effort to prevent incidents, ENWIN continues its aggressive public safety messages through radio, television and online advertising, bill inserts, brochures, banners, media releases, taglines, Website challenge, YouTube videos, Twitter messaging and public events. Even though ENWIN's target of 0 was not met for two years in a row ENWIN continues the strong messaging and will continue to look for new tools to deliver its message to customers. The upgraded Customer Information System (CIS) and new Customer Portal will aid in this goal going forward.

The two incidents are outlined below to show the nature of them and outline that even though they are reported as Serious Electrical Incidents there were no injuries. The first incident in May was due to a home owner trimming trees on his property. He used an aluminum ladder to reach a tree branch which was in proximity to ENWIN overhead plant. The owner reports drawing an arc as a result of his actions, however, no injury was reported. No protective devices operated as a result of the incident and there was no damage to ENWIN equipment.

The second incident in June was due to an unlicensed tree trimming person that had a tree branch fall onto the overhead plant causing the conductor and transformer to be damaged. There was no injury to the tree trimmer or public.

Performance Year	Level of Public Awareness	Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant)	Number of General Public Incidents	Rate per 10, 100, 1000 km of line
2017	82%	C	2	1.792
2016	83%	C	1	0.898
2015	83%	C	0	0
2014	N/A	C	0	0
2013	N/A	C	0	0

TABLE 1-49: SCORECARD PERFORMANCE CATEGORY: SAFETY

1.8.1.4 Performance Category: System Reliability

Average Number of Hours that Power to a Customer is Interrupted (SAIDI)

ENWIN continues to invest in infrastructure and new technologies to minimize customer downtime. ENWIN's adjusted System Average Interruption Duration Index ("SAIDI", which is the average number of hours power is interrupted) for 2017 was 0.72 and while it was a slight increase from the previous year, the five year history (2013-2017) shows a downward trend. Additionally, it is still much lower than the OEB calculated target 5-year average (1.17). The increase experienced in 2017 from 2016 (which had an adjusted SAIDI of 0.64) is attributable to the location, timing and nature of the outages experienced as compared to the prior year. ENWIN's investment in infrastructure renewal and modernization, including automated switches, helps reduce the average time that customers have their power interrupted.

Average Number of Times that Power to a Customer is Interrupted (SAIFI)

ENWIN's adjusted System Average Interruption Frequency Index ("SAIFI", which is the average number of times power is interrupted) for 2017 was 1.70, which has increased slightly from 2016 but still compares favorably with the OEB calculated target 5-year average of 2.03. The relatively low frequency of interruption was despite the March 8, 2017 windstorm which was reported by our neighbouring utility, DTE, as the second most impactful storm in their history. The good result was also due to ENWIN's investments in renewing infrastructure at end of life and its ongoing maintenance programs such as tree trimming.

Performance Year	Average Number of Hours Power to Customer is Interrupted (SAIDI)	Average Number of Times Power to Customer is Interrupted (SAIFI)
2017	0.72	1.7
2016	0.64	1.47
2015	1.06	1.88
2014	0.81	1.85
2013	0.8	2.06

TABLE 1-50: SCORECARD PERFORMANCE CATEGORY: SYSTEM RELIABILITY

1.8.1.5 Performance Category: Asset Management

Distribution System Plan Implementation Progress

DSP implementation progress is a performance measure instituted by the OEB starting in 2014. The DSP prepared by ENWIN in 2014 outlined ENWIN's forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess ENWIN's effectiveness at planning and implementing the DSP. DSP Investment Plan for 2017 was forecast at $34.5M and included the construction of a new TS Station and new feeders in the West end of the City to adequately serve existing customers in the area, at an estimated cost of $16.5M. However, due to "behind the meter generation" installed or in the process of installation, by two major customers and under consideration by at least 2 other major customers, this investment was deemed unnecessary and cancelled. The move to behind the meter generation was funded by the IESO-funded conservation program and was not anticipated when the DSP was prepared. The adjusted forecast, removing this item, results in a forecast of $18.0M.The actual capital spend was $14.6M, resulting in progress to the other elements of the DSP of 81%.

Historical performance in 2014 shows -16% progress as this was the number reported to the OEB, however, it actually represents 84% achievement in line with the other year's progress. ENWIN changed its reporting method in 2015 to more align with other LDCs on the reporting of DSP progress which explains the anomaly in 2014. All the years are considered successful by ENWIN as the actual capital spending is within +/- 20% of the planned spend.

ENWIN has continually exceeded its internal target of achieving at least 80% spend on its capital budget.

Performance Year	Distribution System Plan Implementation on Progress
2017	81%
2016	83%
2015	96%
2014	-16%
2013	N/A

TABLE 1-51: SCORECARD PERFORMANCE CATEGORY: ASSET MANAGEMENT

1.8.1.6 Performance Category: Cost Control

Efficiency Assessment

The total costs for Ontario Local Electricity Distribution Companies are evaluated by the Pacific Economics Group LLC (PEG) on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five cohort groups based on the magnitude of the difference between their respective individual actual and predicted costs. ENWIN's efficiency performance has been improving year over year since 2014. The PEG methodology utilizes a three-year average; and in 2017, ENWIN has transitioned from the Group 4 cohort in 2016 to the Group 3 cohort in 2017, which is indicative of improved cost performance results. ENWIN is replacing assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts. ENWIN has always had the target of being in Group 3 and has now achieved this with full intention to maintain this rating as its shown performance improvements year over year since 2014.

Summary of Cost Performance Results

	2013	2014	2015	2016	2017	2013-2015	2014-2016	2015-2017	Difference from 2014-2016
EnWin Utilities Ltd.	10.3%	10.9%	9.9%	9.6%	5.3%	10.3%	10.1%	8.3%	-1.9%

Total Cost per Customer

Total cost per customer is calculated by the PEG methodology, as the sum of ENWIN's capital and operating costs divided by the total number of customers that ENWIN serves. The cost performance result for 2017 is $707 per customer, which has been held constant from 2016. It is important to note, when examined over 5 years, ENWIN has held relatively constant the total cost per customer despite inflationary pressures.

ENWIN's cost per customer is comparable to other distributors serving built-out, established communities, and to distributors serving energy-intensive customers. ENWIN is committed to infrastructure reinvestment in order to meet its customer's expectations for reliability with a reasonable cost. While ENWIN's load base has eroded since peaking in 2006, ENWIN continues to invest in replacement of its infrastructure as that infrastructure reaches end-of-life. This investment is to ensure that ENWIN's customers continue to have the reliable electrical service they currently enjoy.

Total Cost per Km of Line

This measure uses the same total cost that is used in the Total Cost per Customer calculation above. The total cost is divided by the kilometers of line that ENWIN operates to serve its customers.

ENWIN's 2017 total cost per kilometer of line is $13,094, which is 76% less than the prior year result primarily due to a change in methodology by ENWIN which, for the first time in 2017 and as permitted by the reporting definition, accounts for the presence of the utility's significant secondary (lower-voltage) distribution network. This change in methodology makes ENWIN comparable with other LDC's which have previously made this change.

Performance Year	Efficiency Assessment (1 = most efficient 5 = least efficient)	Total Cost ($) per Customer	Total Cost ($) per Km of Line
2017	3	707	13094
2016	4	707	55668
2015	4	699	54728
2014	4	683	51189
2013	4	652	48500

TABLE 1-52: SCORECARD PERFORMANCE CATEGORY: COST CONTROL

For the period 2017-2020, ENWIN is forecasting to be in cohort 3 which is defined as having actual costs within +/- 10 percent of predicted costs. ENWIN has forecasted its efficiency ranking for the 2020 Test Year using the PEG forecasting model for the test year. The model can be found at Attachment 1-I to this Exhibit. ENWIN expects to remain in Group 3 as detailed in Table 1-53 below:

Cost Benchmarking Summary	**2017 (History)**	**2018 (Forecast)**	**2019 (Bridge)**	**2020 (Test Year)**
Actual Total Cost	62,552,073	67,452,243	67,453,529	68,492,898
Predicted Total Cost	59,322,569	65,340,149	70,222,460	74,948,505
Difference	3,229,504	2,112,095	(2,768,931)	(6,455,607)
Percentage Difference (Cost Performance)	5.3%	3.2%	-4.0%	-9.01%
Three-Year Average Performance			1.5%	-3.28%
Stretch Factor Cohort				
Annual Result	3	3	3	3
Three Year Average			3	3

TABLE 1-53: COST BENCHMARKING SUMMARY

1.8.1.7 Performance Category: Conservation and Demand

Net Cumulative Energy Savings

ENWIN continues to rely on its community partners and the strong relationships they've developed with both their customers and trade allies to succeed in achieving their 2015-2020 Conservation First Framework ("CFF") energy savings target. The 2017 program implementation year was a successful one, with ENWIN achieving 26.9 GWh of energy savings, or 17.8% of their 2015-2020 CFF energy savings target. At the end of 2017, ENWIN had achieved 54% of their 2015-2020 energy savings target through 50% of the program term. ENWIN continues to support the conservation efforts of its customers and remains committed to meeting their obligations to the Province and the ratepayers.

Effective March 2019, the Province of Ontario ended the former Conservation First Framework. Consequently, performance on this measure is difficult to forecast into the future at this stage.

Performance Year	Net Cumulative Energy Savings (Percent of Target Achieved)
2017	53.52%
2016	30.97%
2015	9.79%
2014	0.00%
2013	0.00%

TABLE 1-54: SCORECARD PERFORMANCE CATEGORY: CONSERVATION AND DEMAND

1.8.1.8 Performance Category: Connection of Renewable Generation

Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving all required documentation. In 2017, ENWIN did not receive any requests to perform CIAs. ENWIN developed and implemented measures to ensure CIAs are completed within the required timeframe by clearly defining requirements for proponents and by standardizing on both the format and technical components of our consultant's reports.

New Micro-embedded Generation Facilities Connected On Time

In 2017, ENWIN connected 93 MicroFIT generation facilities and 100% were done within the prescribed time frame of five (5) working days, consistent with the 2016 result. The minimum acceptable OEB-mandated industry performance level for this measure is to connect within the prescribed time frame 90% of the time. ENWIN's successful result in this measure was achieved by performing daily checks for ESA Authorization, providing instant notification to our Metering department when connections are ready, and by having a quick dispatch process for meter installers. ENWIN's commitment to achieving this requirement also includes pulling crews from other projects when the 5 days window cannot be met by the regular service crews.

Performance Year	Renewable Generation Connection Impact Assessments Completed on Time	New Micro-Embedded Generation Facilities Connected on Time (Target: 90%)
2017	N/A	100
2016	100%	100
2015	100%	100
2014	100%	100
2013	50%	N/A

TABLE 1-55: SCORECARD PERFORMANCE CATEGORY: RENEWABLE GENERATION

1.8.1.9 Performance Category: Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

ENWIN's current ratio was 1.83 in 2017 (1.60 in 2016). This continues to demonstrate the company's strong financial position and ability to meet the company's short term financial obligations. The improvement in the current ratio during the year was a result of a decline in the amounts owing in short term liabilities at year end compared to the prior year. The focus on liquidity and reduction of debt is contributing to this strong liquidity ratio.

Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

ENWIN's debt to equity ratio was 0.43 in 2017 (0.39 in 2016). This is one of the lowest debt to equity ratios when compared to other LDCs of similar size within the province of Ontario. This low debt to equity ratio has been achieved through financial practices targeting liquidity and financial stability to ensure resources are available to continue future investment in new infrastructure.

ENWIN's long term plan is to bring the debt to equity ratio back in-line with the OEB's expectations of 1.5 (60% debt; 40% equity).

Profitability: Regulatory Return on Equity – Deemed (included in rates)

ENWIN's current distribution rates were approved by the OEB and included a deemed regulatory rate of return on equity ("ROE") of 8.01%. ENWIN's customers continue to benefit from one of the lowest deemed ROE's within the industry in Ontario.

Profitability: Regulatory Return on Equity – Achieved

ENWIN's actual regulatory return on equity declined relative to 2016 which is not uncommon in between Cost of Service years. ENWIN is planning a Cost of Service filing and once that is completed, the regulated return on equity should return to target levels.

Performance Year	Liquidity: Current Ratio	Leverage: Total Debt to Equity Ratio	Profitability: Regulatory Return on Equity - Deemed	Profitability: Regulatory Return on Equity - Achieved
2017	1.83	0.43	8.01%	2.50%
2016	1.60	0.39	8.01%	5.92%
2015	1.44	0.50	8.01%	6.88%
2014	1.27	0.56	8.01%	9.62%
2013	1.18	0.58	8.01%	13.04%

TABLE 1-56: SCORECARD PERFORMANCE CATEGORY: FINANCIAL RATIOS

1.9 Financial Information

1.9.1 Audited Financial Statements

Copies of ENWIN's 2015, 2016 and 2017 Non-consolidated Audited Financial Statements are provided in Attachment 1-J.

1.9.2 Reconciliation – Audited Financial Statements & Regulatory Accounting

Reconciliations of ENWIN's 2017 Audited Financial Statements to the annual Electricity Reporting & Record Keeping Requirements ("RRR") Trial Balance are provided at Attachment 1-K.

1.9.3 Annual Report

A Copy of Windsor Canada Utilities Ltd.'s most recent (2017) Annual Report is provided in Attachment 1-L.

1.9.4 Rating Agency Report

Windsor Canada Utilities Ltd.'s rating agency report is provided as Attachment 1-M.

1.9.5 Prospectuses or Information Circulars

ENWIN has no past or planned prospectuses, information circulars, or other similar documents.

1.9.6 Changes in Tax Status

ENWIN is incorporated pursuant to the Ontario *Business Corporations Act* and has not had a change in tax status since its last Cost of Service Application (EB-2008-0227).

1.9.7 Accounting Orders

The Accounting Standards Board ("AcSB") deferred mandatory adoption of IFRS for qualifying rate regulated entities to January 1, 2015. However, per the Board's letter of July 17, 2012, electricity distributors electing to remain on Canadian Generally Accepted Accounting Practices ("CGAAP") were required to implement regulatory accounting changes for depreciation and capitalization policies by January 1, 2013. ENWIN confirms that it implemented the regulatory accounting changes for depreciation and overhead capitalization effective for 2012 when ENWIN converted from CGAAP to International Financial Reporting Standards ("IFRS"). ENWIN has prepared this Application on a Modified International Financial Reporting Standards ("MIFRS") accounting basis, as required.

ENWIN has no further existing or proposed accounting orders.

1.9.8 Uniform System of Accounts (USoA)

ENWIN confirms that it has not departed from using the Board's approved USoA.

1.9.9 Statement of Accounting Standard Used

ENWIN transitioned to IFRS on January 1, 2012 and restated 2011 financial reporting for comparability purposes effective January 1, 2011. This Application is being filed using MIFRS Accounting Standards. Historical years are represented under the following Accounting Standards: 2009 to 2010 using CGAAP and MIFRS 2011 through to 2020.

<u>Material changes as a result of IFRS adoption</u>

Capitalization policies were modified due to the transition to IFRS. As described above, ENWIN has adopted a new capitalization policy which is compliant with the OEB guidelines and IFRS. .

A summary of the impacts to revenue requirement between MIFRS and CGAAP can be found in the Board Appendix 2-Y, which can be found in Attachment 1-N to this Exhibit.

1.9.10 Non-Utility Business Accounting

ENWIN confirms that accounting for non-utility business activities was segregated from ENWIN's rate regulated activities in accordance with the Board's Guidelines: Regulation and Accounting Treatments for Distributor-Owned Generation Facilities G-2009-0300 dated September 15, 2009.

Further, ENWIN is engaged in the delivery of the IESO's Conservation and Demand Management programs. The accounting for these activities is segregated from ENWIN's rate regulated activities in accordance with the Board's Accounting Procedures Handbook for Electricity Distributors.

1.9.11 Separation of Distributor Function

ENWIN confirms that this application only contains amounts attributable to the rate regulated business.

1.9.12 Materiality Threshold

Chapter 2 *Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications* issued by the Board on July 12, 2018 sets out the materiality levels based on the magnitude of the revenue requirement. ENWIN's revenue requirement is greater than $10 million and less than $200 million, therefore its materiality level is 0.5% of distribution revenue requirement. ENWIN's materiality threshold for the 2020 Test Year is $270,811 as provided in Table 1-57 below. ENWIN has used a threshold of $250,000 for assessing materiality for the purposes of this Application.

Line No	Description	2020 Test Year
1	Distribution Revenue Requirement	$54,162,257
2	Materiality Threshold	0.5%
3	Materiality Calculated	$270,811
4	Materiality Used	$250,000

Table 1-57: Materiality Threshold for the 2020 Test Year

ATTACHMENT 1 – A

ENWIN Utilities Ltd. Business Plan 2019-2024

ENWIN Utilities Ltd.
(ENWIN / EWU)
Business Plan
2019 – 2024

Presented to the Board of Directors of EWU
September, 2018

Helga Reidel, President & CEO

Index

Note: The Distribution System Plan, Asset Management Plan and Financial Budget & Forecast for 2019 - 2024 form an integral part of this Business Plan and should be read in conjunction with this plan.

1.0 Overview

In September, 2016, the Board of Directors of ENWIN Utilities Ltd. (EWU) met in a strategic planning session. Together with Management, the Board assessed the company's SWOT (Strengths, Weaknesses, Opportunities, Threats) . A strategic business plan was developed identifying critical objectives for 2017 and the subsequent five year period, 2018 to 2022. Along with identifying a Vision, Mission and Values for EWU, and with five strategic pillars or priority areas, management worked with the Board of Directors of EWU to identify and confirm specific projects, financial targets and metrics over the five year planning horizon. The project completions, metrics and financial indicators were intended to allow for objective measurement of progress to the plan. In addition to the project initiatives identified by management, the Board of Directors also identified additional projects which were integrated into management's work plan. The various elements of the plan were approved through a series of reports to the Board of Directors from October 2016 through April, 2017 to obtain formal approval of the plan in its entirety. Since then, quarterly reports by management were presented to provide progress to the planned initiatives and projects.

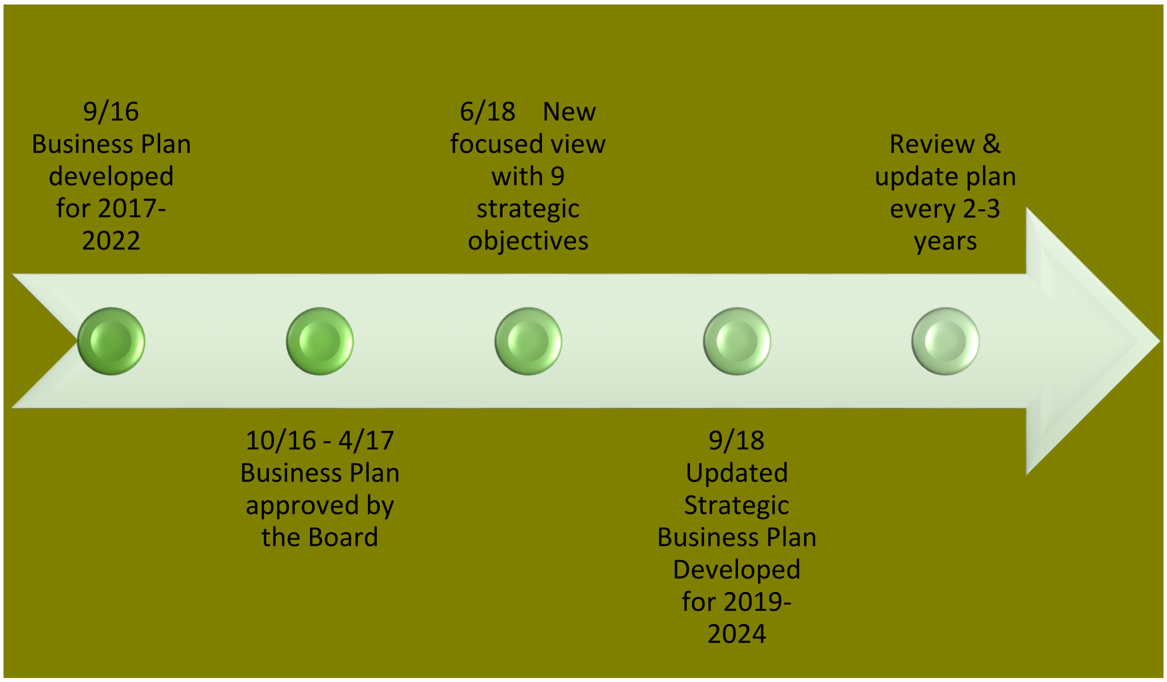
In June, 2018 Management reported on the accomplishment of a number of the projects that were deemed a priority at the initial planning session in the last quarter of 2016. Management also reviewed the project list which, notwithstanding a number of completions, at that time had grown and comprised in excess of 80 projects. Management determined that some of these were operational versus strategic in nature. Therefore, in June, 2018, Management recommended and the Board approved a new and more focused view of the strategic priorities and projects as they related directly to the EWU Business Plan for the coming years. Specifically nine (9) strategic objectives were approved. (see Figure 4)

This business plan update consolidates previous reports and represents an update to the five year strategic plan previously approved, following one complete fiscal year (2017) of progress to the plan plus the first half of this fiscal year (2018). Management continues to move forward based on the budget approved in 2017 for 2018. This report provides an opportunity for the Board of Directors to re-affirm or amend the plan and EWU's business strategy as we move into the 3rd fiscal year of the previous plan (2019).

Budgets including capital plans are presented annually for the following fiscal year and subsequent five (5) years for a total of a rolling six (6) year planning horizon. Therefore this business plan should be reviewed in conjunction with the EWU budget document for 2019 and forecast covering the period 2020 through 2024. This budget/ forecast forms an integral part of the business plan and is separately reported to the EWU Board of Directors for approval. Project plan accomplishments are reported to the Board of Directors quarterly as are financial reports and corporate metrics. Based on all of these inputs it is anticipated that formal strategic planning with the Board of Directors will occur every two (2) to three (3) years with updated business plans developed following these meetings.

Note: The Distribution System Plan, Asset Management Plan and Financial Budget & Forecast for 2019 - 2024 form an integral part of this Business Plan and should be read in conjunction with this plan.

Board of Director renewal resulting from expiration of terms is anticipated by early 2019. Following the necessary orientation for any new Board Members, it is planned that the Board of Directors will meet in 2019 to undertake strategic planning. Taking into consideration Board of Director input, OEB rate approval status, environmental analysis, customer demands, system evaluation and fiscal position at that time, it is intended that this Business Plan would then be updated for the next planning horizon which may be to 2025 or beyond. Budgets and 5 year forecasts will continue to be developed annually according to the most recent approved Business Plan.



2.0 Executive Summary

EWU is a Local Distribution Company (LDC) incorporated in 1999 under the Electricity Act, 1998. EWU distributes electricity to customers in the Windsor, Ontario area. It is regulated by the Ontario Energy Board (OEB).

This Business Plan references and considers the Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (RRFE) issued and mandated by the OEB in 2012. It further considers the economic, political and regulatory environment and possible uncertainties and risks as of mid-2018 related to the service territory in which EWU operates. This Business Plan for 2019 to 2024 provides a consolidation of EWU's Vision, Mission, Values and Five Strategic Themes, aligned to the RRFE and it itemizes certain specific goals and objectives.

The following separately approved planning documents are integral to this Business Plan.

1. Budget & Forecast- 2019 to 2024 – **Appendix A** (Board of Director approval pending).
2. OEB Scorecard – 2017 – **Appendix B** (Board of Director receipt pending)
3. Metrics - 2019-2024 – **Appendix C** (Board of Director approval pending)
4. Asset Condition Assessment- 2017 (presented to Board of Directors-June, 2018)
5. Distribution System Plan (based on approved Asset condition Assessment & Budget)
6. Asset Management Plan (based on approved Asset Condition Assessment & Budget)

In addition to executing on the above financial and operational plans, the following specific additional initiatives, planned for 2019 to 2024, and discussed throughout this Business Plan are presented in alignment with the four areas of the RRFE and EWU's Board of Director approved strategic themes and core objectives:

RRFE: Customer Focus / EWU: Customer Focus

- Taking our customer experience to the next level by creating a customer value map including all customer groups, and,
- Enhancing our service offerings through self- service or mobile application options

- ✓ Continue to report on results in a manner adopted from TSX disclosure requirements as is appropriate for an LDC.
- ✓ Attend Windsor city ward meetings in 2019 through 2024 to continue to engage with our customers to ensure we have a clear understanding of their priorities.
- ✓ Continue to expand the use of social media to communicate with customers including further development of our Outage Management System.
- ✓ Conduct annual customer satisfaction surveys.
- ✓ In 2018/19 update the 2017 customer engagement process related to the cost of service application.
- ✓ Develop a Customer Value Map to guide future investment decisions.
- ✓ Update Customer Service Standards
- ✓ Upgrade Customer Facing CIS systems and applications through self-service and mobile applications

RRFE: Operational Effectiveness / EWU: People & Culture / Quality and Innovation

- Demonstrating continuous improvement in service quality
- Achieving a top quartile Health & Safety index recognition
- Ensuring our employees are engaged and that they are and remain high performing ambassadors who embrace the change and disruption in our industry.

- ✓ Implement the approved and updated Distribution System Plan (DSP) and Asset Management Plan (AMP) for 2019 plus five years to 2024
- ✓ Continued investment in Capital Expenditures at approved levels from 2019 to 2024
- ✓ Implement outsourced internal audit program in 2019 for 2019 -2022 period with potential for renewal.

Note: The Distribution System Plan, Asset Management Plan and Financial Budget & Forecast for 2019 - 2024 form an integral part of this Business Plan and should be read in conjunction with this plan.

- ✓ Expand use of contracted engineering services to create a bank of engineered projects, and increase use of contracted staff for certain preventative maintenance in order to accelerate timelines and become more cost effective.
- ✓ Continue GridSmartCity© and USF partnership throughout the planning horizon of 2019 to 2024.
- ✓ Explore/make applications for provincial and other funding sources for innovative investments
- ✓ Present renewed succession plan by Q1 of 2019 for immediate implementation
- ✓ Achieve Board approved headcount reduction plan through attrition in each year from 2019 to 2024.
- ✓ Continue compliance with O. Reg. 22/04 as demonstrated through ESA annual audits.
- ✓ Continue Roll-Out of revised incentive based compensation program through to all professional and non-union staff by 2020.
- ✓ 2019 renewal of the collective agreements negotiated with IBEW for years 2019 through 2022 subject to term of these agreements while maintaining positive relationships with employee unions
- ✓ Continue Employee Engagement Initiatives through planning period 2019 to 2024
- ✓ Maintain compliance and COR© Health & Safety certification through to 2024 and reduce new lost time injuries to below the industry average

<u>RRFE: Public Policy Responsiveness / EWU: Community & Partnership</u>

- Enhancing the shared services/ cooperative model of achieving efficiencies through economies of scale

- ✓ Implement Cybersecurity guidelines according to timelines with necessary investments in operations and capital
- ✓ Continue to manage approved CDM projects through 2020, under the Conservation First Framework to ensure intended energy savings are achieved and all incentive dollars are appropriately allocated, while awaiting word on and planning for the post 2020 CDM framework.
- ✓ Continue Powerful Partners campaign to support and promote our employees' volunteer efforts to emphasize EWU's important role within the community

<u>RRFE: Financial Performance / EWU: Organizational Sustainability</u>

- Defining and achieving long term ROI targets
- Ensuring we maintain a positive brand
- Undertaking an ERM process to address top organizational risks

- ✓ Implement new Records Management System
- ✓ Complete Facility Consolidation Project
- ✓ Substation remediation and sale
- ✓ Address Gross Load Billing and Standby Charges

Note: The Distribution System Plan, Asset Management Plan and Financial Budget & Forecast for 2019 - 2024 form an integral part of this Business Plan and should be read in conjunction with this plan.

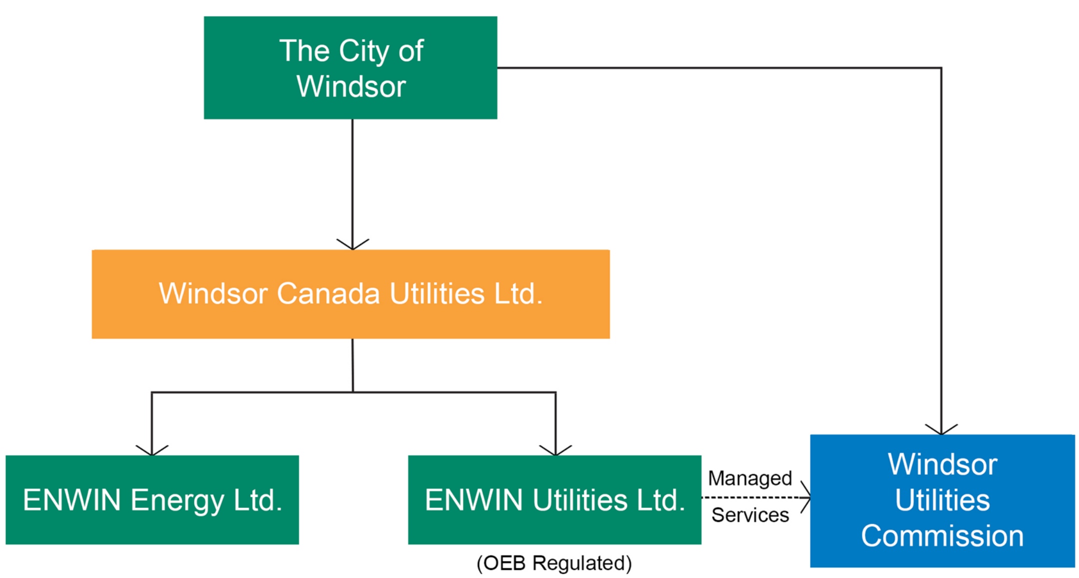
- ✓ Semi- annual ERM reports on Enterprise Risks and Risk Mitigation strategies for each of EWU's key risks, throughout the 2019 to 2024 planning horizon
- ✓ Review capital structure and consider closer alignment to the OEB rate setting structure
- ✓ Maintain A /Stable Debt Rating (S&P)
- ✓ Consider the need for additional debt financing as cash needs arise
- ✓ Operationalize and report against the Budget/Forecast 2019 -2024
- ✓ Continue to track and report annually - Corporate Scorecard Metrics
- ✓ Implement OEB cyber security guidelines according to timelines with necessary investment in operations and capital.

3.0 Corporate Profile

EWU is a regulated LDC that was incorporated under the *Business Corporations Act, Ontario* in 1999. The transfer of assets from the Windsor Utilities Commission (WUC), to the company was done pursuant to section 142 of the *Electricity Act*. WUC remains the owner of the assets used in the production and distribution of potable water to the residents of Windsor and surrounding areas. A contract of service exists between EWU and WUC wherein EWU provides water related services to WUC. This contract, first executed in 2012, meets the provisions of the Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC) and is known as the Water System Operating Agreement (WSOA).

The corporate structure for the ENWIN Group of Companies is depicted in FIGURE 1.

FIGURE 1- Corporate Structure



Business plans have been adopted and updated since the inception of the Corporation. As noted above, EWU's most recent plan was approved by its Board of Directors in late 2016. Following its formal adoption, the vision and strategic plan was presented to all of EWU's staff members at Town Hall meetings that took place in late January, 2017.

Shortly thereafter, the Vision and Mission along with the Strategic Compass (FIGURE 2) highlighting EWU's priorities were placed in large posters on the walls in each of our employee locations. This, combined with CEO messages through email, and regular senior management and other staff meetings, signifies the efforts of the executive and senior management team, to keep our corporate priorities "top of mind" for all of our employees.

3.1 Corporate Mission, Vision, and Values

Our mission is "*to provide safe and reliable energy and water services in a cost effective manner.*" This is our core business and we seek reasonable returns to enhance shareholder value as we prioritize safety and service to our customers and an unwavering commitment to our core values of leadership, accountability and integrity.

Our vision is that EWU will be a "*trusted leader in providing exceptional value and services to our customers and stakeholders.*" We believe that EWU and the ENWIN brand is well respected as Windsor's premium utility service provider. Since the sector has experienced province wide electricity commodity price escalation in recent years, we seek to achieve organizational excellence that surpasses any potential offsetting matters beyond our control and to be and remain the trusted service provider within our service area.

FIGURE 2 ENWIN's Strategic Compass

EWU is both a community asset and an investment for our shareholder, Windsor Canada Utilities Ltd, a wholly owned subsidiary of The Corporation of the City of Windsor.

As a community asset, our shareholder value agenda is:

- To provide efficient and reliable services and a first-class customer experience to our customers; and

- To continue to be a strong strategic partner with the city, helping to deliver on its economic development and environmental agendas.

As an investment, our purpose is to provide stable, reliable and growing returns, and to increase shareholder value both in the short-term and long-term.

As the energy needs and options of our customers and our community evolve — and as signature projects and developments proceed, EWU will play a leading role in helping our city to transition to a smart energy future.

Taken as a whole, we believe a strategy that makes customers our top priority and that builds on our vision for the company's future presents a balanced program for solid performance, adaptation to a changing business environment and sustainable and profitable business growth.

Our core values define what the Company is and how we operate. They reflect our beliefs, philosophy and the commitment of our employees. Our core values feature prominently in our Strategic Compass shown in Figure 2 and commitment to these values by all employees is a prerequisite for employee success. The values are reiterated and measured in our employee performance evaluation system done on a twice yearly basis.

We value leadership, accountability and integrity.

EWU is committed to the organizational values of leadership, accountability and integrity. These values are reflected in our Employee Code of Conduct and Conflict of Interest Policy, our organizational structure and our transparent reporting of results and challenges.

Our Board of Directors and our Senior Management Team support an environment that fosters and demonstrates ethical business conduct at all levels, and reflects these shared values. Every employee must lead by example.

3.2 Strategic Themes- Five Areas of Focus

EWU's strategic themes fall into five areas of focus: Customer Service, People & Culture, Quality & Innovation, Organizational Sustainability and Community & Partnerships.

These five key areas of focus are supported by objectives that guide our activities through the current plan and form the basis of our annual reporting in the pages that follow. The Customer Service pillar always assumes the top position, as the most important driver of our business strategy.

Customer Service Focus

We will deliver exceptional value to our customers, by:

- Committing to the safe and reliable delivery of cost effective power and water services;
- Engaging and informing our customers about our business and its impact on them; and
- Understanding customer expectations, then defining, measuring and improving our service excellence, responsiveness and customer satisfaction.

We put our customers first.

Our continued success depends on the quality of our customer interactions, and we are committed to delivering value across the entire customer experience.

We are honest, open and fair in our relationships with our customers. We provide reliable, responsive and innovative products and services in compliance with legislated rights and standards for access, safety, health and environmental protection.

As demonstrated by our Strategic Compass — which is posted liberally throughout our workplaces — our strategic focus places the customer at the top of everything we do.

People & Culture

We will provide a safe workplace with diverse, highly skilled and engaged employees by:

- Striving consistently for the highest health and safety standards and performance, for our employees and the public;
- Retaining, recruiting and developing the right people in the right roles and ensuring they deliver their best;
- Providing opportunities for staff to develop and grow into the leaders of tomorrow; and
- Fostering a culture of high performance, initiative and accountability.

We value our employees.

The quality of our workforce is our strength. We will strive to hire and retain the best qualified people available and maximize their opportunities for success.

We are committed to maintaining a safe, secure and healthy work environment, enriched by diversity and characterized by open communication and fair treatment.

Quality & Innovation

We will achieve operational excellence by:

- Championing continuous improvement, including technical innovation, productivity and cost performance throughout the organization;
- Planning and investing prudently to meet the future needs of our customers;
- Measuring and acting on best-practice metrics for reliability and quality; and
- Recognizing and rewarding innovation, responsiveness and leadership.

Organizational Sustainability

We will create sustainable performance, as well as owner and stakeholder value by:

- Developing, implementing and monitoring plans to achieve long term operational efficiencies and system reliability;
- Continually enhancing processes to maintain a financially viable organization;
- Ensuring effective governance and leadership;
- Planning for succession and developing and transferring knowledge;
- Defining, measuring and achieving targets; and
- Safeguarding private data and system security from unauthorized access.

We are accountable.

We are financially accountable to our shareholder and to the institutions that underwrite our operations. We communicate to them all matters that are financially material to our organization.

We protect our shareholder's investment and manage risks effectively. We communicate to our shareholder all matters that are material to an understanding of our corporate governance.

Community & Partnership

We will support the success of our community by:

- Contributing to our customers' and other stakeholders' economic development opportunities;
- Collaborating and partnering strategically with other organizations to drive operational excellence, productivity and innovation; and
- Delivering on our obligations mandated by the government, including educating the community to promote conservation and protecting resources.

We are considerate of all stakeholders.

EWU takes into account the interests of all our stakeholders, including employees, customers, suppliers, our shareholder and the communities and environment in which we operate.

In 2013 EWU adopted an open meeting policy. This policy emphasizes our goal of transparency in all that we do, by providing as much information as possible to all interested stakeholders. Without compromising proprietary information, we post our board meeting minutes on the EWU website and endeavor to be open and transparent in regard to our financial reporting.

In addition to the open meeting policy, in 2017, management reported to the EWU Board of Directors on a plan to implement TSX disclosure requirements at a level appropriate to the LDC environment but similar to the disclosure provided by TSX publicly traded companies. We continue to work toward this disclosure with each Annual Report.

- ✓ Continue to report on results in a manner adopted from TSX disclosure requirements as is appropriate for an LDC.[1]

We value fair, honest relationships.

We are honest and fair in our relationships with our suppliers and contractors. We purchase equipment, supplies and services on the basis of merit, utilizing our professional procurement policy. We pay suppliers and contractors in accordance with agreed terms, encourage them to adopt responsible business practices, and require them to adhere to our health, safety and environment standards when working for The ENWIN Group.

We respect community and the environment.

We are committed to being responsible corporate citizens and will contribute to making the communities in which we operate better places in which to live and do business.

We are sensitive to the community's needs and dedicated to protecting and preserving the environment in which we operate.

[1] Discrete initiatives during the time frame of this business plan (2019 to 2024) are provided throughout this document.

3.3 Renewed Priorities – 2019 - 2024

The strategic review in late 2016 identified as a primary goal, centering our business around the customer. Customer centrality continues to drive our business strategy. We believe that a sharp focus on the value we provide to our customers will generate positive results in all areas of performance — our financial strength and business growth, our operational efficiency and effectiveness, and our contributions to the well-being of our community.

A core premise of our 2017-2022 Strategic plan was that the electricity service model is in the midst of significant transformation — taking on a more decentralized, customer-centric, technologically advanced and environmentally sustainable form. The transition to a more customer-driven and customer-centric model in the electricity sector will present opportunities for energy providers that are able to innovate — and challenges for those that fail to adapt.

In the latter half of 2017, our senior management team reviewed the external environment and developed our strategy for responding to this emerging landscape. The EWU Board of Directors approved the objectives and the “reportable” (to the Board of Directors) projects in June, 2018. These objectives are now formalized within this updated business plan for 2019 to 2024 :

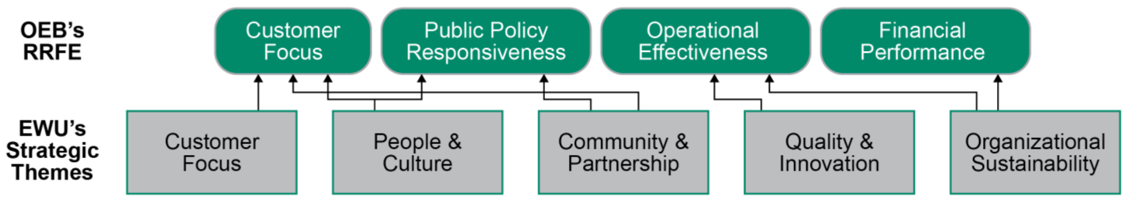
1. Taking the customer experience to the next level by creating a customer value map including all customer groups;
2. Enhancing our service offerings through self-service or mobile application options;
3. Achieving a top quartile health and safety index recognition;
4. Ensuring our employees are engaged — that they are, and remain, high performing ambassadors who embrace the change and disruption in our industry;
5. Demonstrating continuous improvement in service quality;
6. Ensuring we maintain a positive brand;
7. Undertaking an active Enterprise Risk Management (ERM) process to address top organizational risks;
8. Defining and achieving long term ROI targets;
9. Enhancing the shared services/cooperative model of achieving efficiencies through economies of scale.

3.4 Alignment to the Renewed Regulatory Framework for Electricity Distributors (RRFE)

All of the activities leading to the development of the EWU business plans and strategies in recent years were undertaken within the context of the Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (RRFE), as published by the Ontario Energy Board in October, 2012. This business plan continues to adhere to the principles of the OEB framework.

FIGURE 3 presents the alignment of EWU’s Strategic Themes, to the RRFE.

FIGURE 3. – Alignment between the RRFE and EWU's Five Strategic Themes



The nine objectives determined by management and approved by the Board of Directors also align with both the RRFE and the EWU Strategic Themes that they were designed to meet. The following chart (Figure 4.) demonstrates this alignment:

FIGURE 4. Alignment between RRFE and Nine (9) Strategic Objectives

OEB RRFE	**EWU Strategic Themes**	**Nine (9) Objectives (2019 to 2024)**
Customer Focus	Customer Focus (also impacted by People & Culture and Community Partnerships)	1. Taking our customer experience to the next level by creating a customer value map including all customer groups 2. Enhancing our service offerings through self- service or mobile application options
Public Policy Responsiveness	People & Culture Community & Partnerships	3. Achieving a top quartile Health & Safety index recognition 4. Ensuring our employees are engaged and that they are and remain high performing ambassadors who embrace the change and disruption in our industry. 5. Enhancing the shared services/ cooperative model of achieving efficiencies through economies of scale.
Operational Effectiveness	Quality & Innovation (also impacted by Organizational Stability)	6. Demonstrating continuous improvement in service quality
Financial Performance	Organizational Stability	7. Ensuring we maintain a positive brand 8. Undertaking an ERM process to address top organizational risks 9. Defining and achieving long term ROI targets

EWU has also aligned its reportable metrics with the RRFE and its own Strategic Themes as demonstrated in **Appendix C**. As a data driven organization, many metrics are tracked and monitored. For purposes of this business plan, EWU has identified key metrics and categorized the most important of these into three (3) types:

1. OEB Scorecard Metrics
2. Corporate Performance Metrics
3. Other Key Metrics

These metrics are all tracked against other utilities in our peer group. EWU will also continue to track the metrics over time to identify areas which require additional focus and to celebrate achievements.

4.0 Customer Focus

EWU's Board and Management embrace the premise that the customer is first in all that we do. In order to take actions that place the customer first, we must have a clear understanding of what our customers place as their top priority.

4.1 Customer Engagement

EWU has a tradition of engaging with the public. As a publicly owned utility emerging in the early 2000's from a more direct connection with its ultimate municipal shareholder this was considered essential. With the introduction of the RRFE a renewed focus on customer engagement commenced.

The OEB consumer-centric approach to rate applications, contained in the Renewed Regulatory Framework for Electricity Distributors (RRFE) requires LDCs to demonstrate that their services are provided in a manner that responds to identified customer needs and preferences. Distributors are required to provide an overview of customer engagement activities they have undertaken with respect to their plans, and illustrate how customer needs and preferences have been reflected in the distributor's application.

In late 2016, EWU management and staff began attending city ward meetings. Ward meetings are established to allow City of Windsor Administration and City Councillors to speak to their constituents on an electoral ward basis to facilitate smaller groups with unique area needs. This serves EWU well as a means of customer engagement also. An "EWU booth" was set up in this open house style meeting, to ensure that all customers could approach EWU staff and management and were engaged and had an opportunity to develop an understanding of the relationship of EWU as an LDC, to the municipal shareholder, as well as the independent role of the OEB in regulating the LDC and in establishing rates. Additionally this provided an opportunity to begin consultation with the community in regard to EWU's capital plans and display boards were developed to highlight planned construction in Windsor in each forecast year. Our customer service representatives were on hand to respond to questions. The attendance at all 10 city ward meetings continued in the fall of 2017 with a second round of meetings. In 2018 the ward meetings will not be held due to the municipal election, however EWU staff plan to attend in 2019 and each year thereafter as this is a cost effective way to consult with the public.

- ✓ Attend Windsor city ward meetings in 2019 through 2024 to continue to engage with our customers to ensure we have a clear understanding of their priorities.

A new AODA compliant website was introduced to the public in 2018 with a goal of making engagement possible. The website clearly displays customer contact information and invites customer feedback through a continuous survey and response mechanism. The website also allows for improved contractor access to standards and processes. EWU's Conditions of Service were updated in 2018 following the OEB approved process. In late 2016 social media (Twitter) became a regular means for EWU to communicate with its customers. This continues and we intend to enhance our use of social media with two way communication with our customers. This initiative includes a plan to improve/ upgrade our outage management system to improve customer communication during storm events.

- ✓ Continue to expand the use of social media to communicate with customers including further development of our Outage Management System.

Additionally, community workshops and public service announcements were undertaken to educate customers about:

- Industrial conservations initiatives,
- Viability and performance of renewable energy products,
- Introduce New Provincial Programs
- Electrical Safety

Customers were surveyed in regard to their level of satisfaction as part of our bi-annual customer service surveys. We continue to receive "good" ratings in this survey. EWU intends to conduct annual customer surveys which is above and beyond the OEB required bi-annual customer survey.

- ✓ Conduct annual customer satisfaction surveys.

Finally, in preparation for the 2020 Cost of Service Rate Application, a multi-faceted application specific customer engagement process, including development of an educational workbook, an on-line survey, a telephone survey and a number of focus groups were all undertaken in 2017. This was intended to commence the process of gaining customer feedback on their needs, priorities and preferences regarding system reliability and rate tolerance in relation to levels of system expenditure. Using feedback from this survey in the development of our asset management plans and rate requirements, a second round of customer engagement will be conducted in late 2018 and early 2019 in order to update, finalize and allow EWU to report the results as it relates to our ultimate application.

- ✓ In 2018/19 update the 2017 customer engagement process related to the cost of service application.

All of this engagement is expected to lead EWU to the development of a customer value map which we envision to be a brief graphic depiction of what EWU has gleaned from customers. This is expected to be treated as a prioritized project list that will guide our future decisions regarding investment in customer facing software as well as other customer offerings. Additionally it will inform the evolution of our customer service standards.

- ✓ Develop a Customer Value Map to guide future investment decisions.

- ✓ Update Customer Service Standards

4.2 Customer Service Analysis and Customer Information System (CIS)

The introduction of Smart Meters and Time of Use rates provided a requirement and an opportunity to implement a new billing system at EWU. This is the Northstar© system which was fully operational by 2014. Since EWU has not presented a cost of service application since 2009, the system was purchased and is now fully depreciated without having been charged to customers in rates. System upgrades are required to better meet our customers' needs and a project has commenced to upgrade the operating platform and introduce a new customer portal with improved mobile applications for customers. We plan to implement these upgrades in 2019.

- ✓ Upgrade Customer Facing CIS systems and applications through self-service and mobile applications

4.3 Credit and Collections

Windsor found itself to be at the height of Canada's unemployment rate from 2009 to 2016 with rates ranging as high as 15.5%. Customer credit and collection activities had reached an all-time high by 2016 for EWU. This was due to the weakened economy and rising power costs coupled with a still-recovering economy in the Windsor area. By 2018, due to the province's Fair Hydro Plan introduced in 2017, bad debt expense has now returned to a manageable level. Management continues to monitor this for adverse changes.

5.0 Operational Effectiveness

EWU and its predecessor companies have delivered a reliable supply of electricity to homes and businesses in Windsor for more than 100 years.

EWU has continued to help its customers contribute to the greening of the electricity supply — and reduce their electrical costs — by supporting their installation of solar panels supplying power to the grid through the Province's Feed-In Tariff (FIT) programs.

In 2017, the company processed more than 240 applications and connected 99 FIT/microFIT and 1 combined heat and power generator to its grid, in addition to connecting 597 new load customers.

EWU had significant ongoing investments in distribution infrastructure and technology systems in 2017. However, like many utilities, EWU is affected by the reality of aging infrastructure. We continue to manage this through increased infrastructure investments and a detailed plan to target distribution system spending where it will have the most benefit.

5.1 Distribution System Plan (DSP)

The OEB requires all LDC's to file a detailed DSP every 5 years and/or as a mandatory component of their evidence when filing a Cost of Service application. EWU is refining its DSP effective for 2020 and subsequent years and intends to file this with the OEB as part of its rate application in April, 2019. The Asset Management Plan is also being updated concurrently. Capital projects will be brought to the Board of Directors for approval with the 2019 plus five years' budget and will be approved annually in accordance with the OEB approved rate plan.

- ✓ Implement the approved and updated Distribution System Plan (DSP) and Asset Management Plan (AMP) for 2019 plus five years to 2024.

Similar to the budget, the approved DSP and AMP approved for 2019 through 2024 form an integral part of this Business Plan.

EWU Capital investments are done based on four (4) categories of expenditures:

1. System Access (New customer connections and other mandatory expenditures)
2. System Renewal (Replacing end-of-life distribution system components)
3. System Service (Enhancing the current system based on customer needs)
4. General Plant (Other- Equipment, Tools, Technology and Facilities)

Our five (5) year capital plan is based on extensive internal engineering review, complemented by a third party (Kinectrics) Asset Condition Study completed in 2017. EWU's 10 year annual historical average investment in capital, net of contributed capital, has been approximately $17.5 Million.

In 2017, EWU invested $15.6 million to maintain and expand its distribution system and related infrastructure to meet customer needs. These investments are having the desired impact, with the company's electricity service reliability continuing to exceed Ontario benchmarks.

Of this,

- $5.8 million was dedicated to replacing portions of the grid that had reached their end-of-life; and

- The $9.8 million balance was spent connecting new customers, enhancing the resiliency of the grid and maintaining buildings, fleet and systems used to serve customers.

The investments in capital in the planning horizon can be seen in the capital portion of the 2019 through 2024 budget documents that are submitted concurrent with this Business Plan.

✓ Continued investment in Capital Expenditures at approved levels from 2019 to 2024

5.2 Operational Efficiencies

To improve operational efficiency, EWU is focusing on technology deployment and system automation as well as overall corporate headcount reduction while targeting to maintain our existing high level of service.

Commencement of an internal audit program is planned for 2019 with the issuance of an RFP in the first half of 2019. First audits will commence in the second half of 2019. Audits are intended to review the internal control environment, but also to seek operational efficiencies while maintaining strong control and risk management.

✓ Implement outsourced internal audit program in 2019 for 2019 -2022 period with potential for renewal.

In order to expedite processing and to have a bank of engineered future projects, EWU has created a roster of design engineering firms through a competitive process. Additionally, an Engineer, Procure and Construct Pilot Project for pole replacement was completed.

We also augmented highly skilled protection and control staff with transformer maintenance contract staff in performance of preventative maintenance at ENWIN's transformer stations.

✓ Expand use of contracted engineering services to create a bank of engineered projects, and increase use of contracted staff for certain preventative maintenance in order to accelerate timelines and become more cost effective.

In 2016 and continuing to date we have intensified our partnership with communications companies to share infrastructure and assist them to provide fibre to the community. In late 2017 EWU joined the GridSmartCity© cooperative to realize cost savings, information and future planning and EWU maintained membership in the Utility Standards Forum (USF) cooperative to share information related to effectiveness and efficiency.

- ✓ Continue GridSmartCity© and USF partnerships throughout the planning horizon of 2019 to 2024.

Except for CDM initiatives on behalf of customers, EWU has not aggressively explored provincial pilot program funding arrangements such as the Green Smart Technology Funding. In partnership with other utilities or otherwise exploration of external funding for innovative initiatives will be undertaken.

- ✓ Explore/make applications for provincial and other funding sources for innovative investments

Use of our Geographical Information System (GIS) was expanded in the last five years. An outcome of this is that field engineering tools and mobile computing is starting to come on stream. Continued investment in employee mobile field devices are included in the capital budget for the planning period and planned roll out continues.

EWU is experiencing significant retirements and along with this, a loss of critical skills and historical knowledge about our systems, our city and our infrastructure. This loss is being addressed through carefully developed succession planning which commenced in 2012 and is undergoing review and renewal. A plan identifying key employee skills and likelihood of loss is being updated based on recent retirements and staff promotions. This renewed plan will address anticipated retirements for the next 3-5 years, with staff training and development.

- ✓ Present renewed succession plan by Q1 of 2019 for immediate implementation

Recognizing that retirements also provide an opportunity to achieve efficiencies in operations without impacting the livelihood of our valued employees, EWU will continue to focus on attrition based re-alignment of departments leading to cost containment through reduced staffing wherever possible. EWU's LDC allocated employee FTE history is as follows:

	2013	**2014**	**2015**	**2016**	**2017**
FTE	198	190	190	197	198

Allocated headcount is scheduled to achieve the following targets in the planning horizon:

	2018 (forecast)	**2019 (budget)**	**2020 (forecast)**	**2021 (projection)**	**2022 (projection)**	**2023 (projection)**	**2024 (projection)**
FTE	195	195	196	195	193	192	192

Note: The Distribution System Plan, Asset Management Plan and Financial Budget & Forecast for 2019 - 2024 form an integral part of this Business Plan and should be read in conjunction with this plan.

Management of EWU continues to seek ways to reduce the operational headcount and related legacy costs through attrition, by departmental consolidation, supported by certain planned and strategic outsourced services.

- ✓ Achieve Board approved headcount reduction plan through attrition in each year from 2019 to 2024.

5.3 System Reliability

In 2017 we refined work methods, contributing to the second best statistical reliability in 10 years.

SAIDI and SAIFI statistics are below the tolerance established by the Ontario Energy Board for all years tracked on the scorecard. (see Appendix B). The trend is improving.

System reliability is addressed in detail in the Distribution System Plan, the Asset Management Plan and within our capital budgets.

5.4 Public Safety

In 2017 we again successfully completed the Electrical Safety Authority (ESA) audit cycle obtaining full compliance with Ontario Regulation 22/04 with no “non-compliance” or “needs improvements” identified. Our goal for the planning horizon is to continue with this successful outcome.

- ✓ Continue compliance with O. Reg. 22/04 as demonstrated through ESA annual audits.

5.5 Human Resources

Our focus on people and culture recognizes the importance of our employees whose talent, dedication and daily work supports the vision and mission of the company. Our success depends on a highly skilled, well trained, knowledgeable workforce and a safe, healthy work environment. Achieving the company’s strategic objectives requires an environment that enables ongoing growth and learning, to maintain a workforce with the right skill sets to deliver on existing and new business lines.

Already identified in the operations section of this plan, as the utility sector workforce ages, the talent and experience drain associated with significant numbers of retirements remains at the forefront for many of Ontario’s LDCs. Like many other utilities, EWU faces challenging workforce demographics that require a concerted response.

As our business changes, the profile of our workforce is changing as well. It is increasingly diverse in age, skills, background, belief, ethnicity, sexual orientation, and in many other ways.

We are focused on creating a thriving and respectful workplace for all by attracting and retaining the right talent and effectively deploying these human resources. We do this through:

- Extensive focused, mentored, on-the-job practical training apprenticeship programs to ensure the availability of qualified journeypersons.
- Partnerships with industry and educational institutions to support the implementation of the talent management strategy. These include collaborations with St. Clair College, The University of Windsor, other institutions and contractor associations to attract and hire top flight recruits, in a variety of positions in several departments. Most notably, sponsorship and a program delivery partnership with St. Clair College's Powerline Technician program, have allowed EWU to draw 12 apprentices from the ranks of its graduates in recent years. Two members of the program's first graduating class achieved journeyperson status with the company in 2017, and have bright futures ahead of them serving our customers.
- Programs for succession planning and management, training and development, to ensure that there are qualified employees in the talent pipeline for key positions.
- Expanding skillsets and development of the Powerline Splicer (PLS) classifications through a staffing initiative to properly equip a segment of staff with the diverse, enhanced skills to support and work in both overhead and underground environments.
- A Diversity Plan, which fosters an inclusive culture that leverages diversity and enhances employee engagement and innovation.

EWU's employee compensation programs continues to support a culture that values high performance, and include market-driven and performance-based components to attract and retain key employees.

- ✓ Continue Roll-Out of revised incentive based compensation program through to all professional and non-union staff by 2020.

Collective Bargaining with the IBEW employee groups will be a primary focus in 2019 with the expiration of collective agreements of two employee groups serving hydro operations.

- ✓ 2019 renewal of the collective agreements negotiated with IBEW for years 2019 through 2022 subject to term of these agreements, while maintaining positive relationships with employee unions

EWU offers a number of programs to enhance the employment experience and encourage engagement of its employees.

Some of these are outlined in the chart provided in FIGURE 5.

Management plans to continue the above plans and seek new and innovative methods to engage our employees.

- ✓ Continue Employee Engagement Initiatives through planning period 2019 to 2024

FIGURE 5. Example Employee Engagement Programs

Initiative	**Description**
Employee Assistance Program (EAP)	Provides professional and confidential assessment and referral services to employees, their spouses and dependents to assist in solving problems impacting work and personal lives.
Town Halls and Employee Feedback	Provides an opportunity for executive management to interact with all employees and provide employees with an avenue to ask advance questions in a confidential manner or publicly at the forum as well as provide input into business changes.
Employee Suggestion Program	Seeks to encourage employees to share ideas to improve the workplace and processes
"EN"novation Forums (new in 2018)	Designed to formalize the innovation process and bring new ideas to solve business problems at the grass roots by the "employees who know how".
Take your Child to Work Day	An annual program organized in conjunction with local high schools to allow students/children of EWU employees to participate in an organized agenda of activities in the workplace.
Wellness program	A variety of initiatives to increase awareness and encourage healthy lifestyles including newsletters, wellness fairs monthly challenges, healthy snack programs etc.
Corporate Charity Events	EWU supports employees, who participate in volunteer efforts that assist in the community. Support may be financial through matching dollars and through publicity for events. Events include Dragon Boat teams, fun runs etc.
Long service recognition and annual Company BBQ	These employee events recognize our long serving dedicated employees in a relaxed setting.
Incentive Based Compensation	Plans designed to encourage and reward employee and management engagement in the success of the company

Health & Safety

At EWU, safety isn't just a priority — it is a fundamental component of our commitment to operating efficiently and effectively. We place a very high priority on protecting the health and safety of our employees and our community, and we are committed to ensuring everyone returns home safely at the end of each work day.

We seek to educate our employees and to provide a foundation for continuous improvement initiatives that will help to develop, monitor and advance our goal of zero accidents and injuries. We believe an effective Health & Safety Management System (HSMS) is the key to a safe workplace and our goal is to take a proactive approach to identifying risks and preventing safety issues before they occur, and to take immediate corrective action when a safety issue is identified.

That is why, in 2017 EWU made the decision to adopt the Certificate of Recognition COR© framework as part of our Health and Safety Management System to ensure our employees operate in a safe manner at all times and to ensure compliance with all Ministry of Labour regulations. COR© Compliance was achieved in 2017 and we continued to work through internal audits and system maintenance and improvements in 2018 with a goal of continuous improvement and maintaining compliance in each year in the planning horizon. Additionally, reducing lost time injuries below the five year rolling average has been and continues to be a key performance metric for EWU management. We are also researching and targeting a top quartile H&S recognition to further reward and motivate our employee team.

- ✓ Maintain compliance and COR© Health & Safety certification through to 2024 and reduce new lost time injuries to below the industry average.

5.6 Information Technology

EWU's business relies on complex information systems, covering operational software as well as back office processes.

Operational systems include:

- A geographic information system (GIS)
- An outage management system (OMS)
- An electricity system supervisory control and data acquisition system (SCADA)
- A network modelling system (CYME)
- A meter reading system (Sensus)

Back office processes, such as customer information and billing systems (CIS) are heavily integrated with thousands of smart meters producing large volumes of data which is shared with Ontario's Smart Metering Entity.

The failure of one or more of these key systems, or a failure of the company to either plan effectively for future technology needs or to transition effectively to new technology systems, could adversely impact the business operations.

As the sector moves to develop distributed energy resources and smart grid technology, the requirement for efficient deployment of new technology increases. EWU seeks to identify and manage technology risks through rigorous technology planning and implementation of preventative and detective controls.

Cybersecurity

Smart Metering and SCADA networks are integrated across the electricity sector and carry growing volumes of data. The increased volume of data and integration increases exposure to information security threats, including cybersecurity risks.

Our information and operational systems and assets could be put at risk by a security breach, data corruption or system failure at a shared resource or common service provider.

We take seriously the security of our critical infrastructure, and are alert to any cyber activity that threatens data security. We collaborate proactively with government, regulators and private sector partners to manage this risk.

In anticipation of the OEB's awaited regulations toward cyber security in this sector, in 2017 EWU commenced enhanced investment in outsourced cyber protective services. This carried into 2018 with the introduction of the OEB's reporting and security guidelines applicable to LDC's. Management continues to strive for full compliance with the recommended measures and all reporting requirements.

- ✓ Implement OEB cyber security guidelines according to timelines with necessary investment in operations and capital.

Our technology investment decisions continue to be based on three basic considerations:

- Enhancing service to our customers;
- Creating efficiencies that will increase our cost effectiveness; and
- Improving agility and resilience in the face of industry disruption.

EWU has also recognized the importance of our corporate records and our adherence to the regulations that govern records retention, including the OEB's Mandatory Record Retention Policy for Regulated Entities. EWU is operating a very outdated and unsupported software to account for corporate records. A project to define necessary corporate records and upgrade and adopt this system corporate-wide commenced in 2017 with the Board of Director approval of a new records management policy.

This has led to a budget allocation to update our records classification and retention schedule and ultimately to convert all records tracking to a new platform. The project is scheduled to be completed in 2020 within this planning horizon.

- ✓ Implement new Records Management System

5.7 Fleet and Facilities Management

Based on Net Present Value cost analysis, EWU has recently moved to a strategy of purchased/owned fleet vehicles and is migrating away from leased vehicles. Maintenance of fleet continues to be a significant cost driver and extending ownership life will be critical to contain costs during the forecast period.

EWU is undertaking a plan to consolidate our employee occupied facilities into one location for operations and head office. This project involves the anticipated sale of our Ouellette Avenue location and utilization of the proceeds plus additional capital to renovate the current operations center to accommodate the dislocated staff and management from what will soon be the former head office of EWU. It has been determined that all staff will able to be accommodated within the existing footprint of the current operations center and renovation will only be internal to accommodate unique needs that do not currently exist at the center, such as for the call center and board room.

This project, when complete is expected to save in the range of $450,000 annually in combined direct costs savings (approximately $350k) as well as employee efficiency savings due to avoided travel time, vehicle costs and improved workflows. This project is anticipated to be completed in 2020, subject to successful sale of the current property and therefore is still within this planning horizon.

- ✓ Complete Facility Consolidation Project

Additionally, EWU has recently completed an approximate 13 year program to eliminate all 4 KV primary voltage from our system and convert it to 27.6 KV. This has eliminated the need for numerous substations located throughout the city. Most of these generally small properties have undergone remediation and sale in the past few years.

A few remain and must be addressed through further remediation and eventual sale.

- ✓ Substation remediation and sale

6.0 Financial Performance and Analysis

The structure of the electricity market in Ontario provides that primarily large generators deliver power to the provincial transmission grid. The Independent Electricity System Operator (IESO) directs the flow of power over these lines, ensuring the demand for electricity is matched by the supply of electricity into the system. It also provides funds for the province's conservation and demand management program. Transmission companies such as Hydro One own, operate and maintain the transmission lines.

LDCs such as EWU and in some cases, large industrial customers are connected to these transmission lines and purchase wholesale electricity from the Ontario electricity market.

EWU, like other LDCs in Ontario, owns and operates additional infrastructure to reduce the voltage of the incoming power and to distribute that power to homes and businesses in our service territories. EWU meters the power its customers use and bills its customers for their usage. Revenues from those bills are used to pay the generators and the transmitters for the electricity they generated and moved across the province to our territory.

About 74% of the revenues billed by EWU go to the generators, the transmitter and the province, in the form of taxes. The remaining revenue is used by EWU to build, operate and maintain the electricity distribution infrastructure in the City of Windsor and to provide all the services associated with that supply, such as billing and call center / customer support. Any excess may be paid as dividends or held for reinvestment into infrastructure.

As identified in the overview to this business plan, the EWU 2019/2020 Budget and Forecast to 2024 and related assumptions form a key part of this Business Plan.

6.1 Economic Outlook and Energy Policy

Oil prices fell by 2016 and then slowly started to rise since that time. The Canadian dollar has declined in value over the past 3 years. These events have supported a model of economic growth which is validated by much improved rates of employment in Ontario and particularly in EWU's service territory. Windsor area economics have improved considerably in the past two years following a severe economic downturn which lasted from 2009 through 2016, as evidenced by a July, 2018 unemployment rate of 6.0%. This followed unemployment rates as high as 15.5% during the recession. There are new concerns however, over the renegotiation of the North America Free Trade Agreement (NAFTA) and the recent introduction of US and Canadian tariffs on raw materials and manufactured products leading to uncertain future economics for EWU's service territory. As well, Windsor has limited development-ready vacant land and with the apprehension about the above noted macro-economics, EWU has not seen significant growth despite an improved economy.

The distribution territory of EWU, comprising most of the City of Windsor, is expected to experience continuing flat energy sales relating to small construction growth offset by energy conservation and demand management initiatives by its customers.

On October 26, 2017, the Provincial Government released Ontario's Long-Term Energy Plan (LTEP). The LTEP outlined the Government's commitment to making energy more affordable, giving customers more choice and ensuring a reliable and innovative energy system.

On January 31, 2018, the OEB released its implementation plan for the LTEP. Key to the implementation plan are:

- Assessment of reforms to promote greater efficiency and innovation;
- Definition of a new plan for rate regulation;
- Identification of barriers to the development of distributed energy resources; and
- Review and refinement of approaches to the price consumers pay for electricity.

It is uncertain at this time what the implementation of the LTEP will mean for the setting of future rates for EWU, and if EWU will have the necessary scope/scale of operations to effectively address the pending changes required to the grid. In June, 2018, provincial policy changes occurred which have had the impact of creating an uncertain operational planning climate for LDC's as we await potential further government policy changes and the results and recommendations of the work of the OEB modernization panel. All of this may impact the business model of EWU and it is under this climate of uncertainty that we are updating the business plan and endeavouring to forecast EWU's revenue requirements for the next 5-6 years. In developing our budgets and forecasts, we have out of necessity made the assumption that the recent provincial policy statements and the LTEP will continue to prevail throughout the planning horizon and EWU continues to plan our work in cautious alignment with the objectives of the long term energy plan introduced by the Ministry of Energy in 2017.

6.2 Regulatory Framework

In Ontario, the Ministry of Energy (Ministry) sets the overall policy for the energy sector, guided by relevant laws and regulations and oversees the IESO and the Ontario Energy Board (OEB), which regulates the energy sector as set out primarily in three statutes — the *Ontario Energy Board Act, 1998* (OEB Act); the *Electricity Act, 1998*; and the *Energy Consumer Protection Act, 2010*. The OEB Act establishes the authority of the OEB to approve and fix all rates for the transmission and distribution of electricity in Ontario and to set standards of service, conduct and reporting that must be adhered to as a condition of being licensed.

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates electricity rates for distributors using a combination of detailed Cost of Service (COS) reviews and Incentive Rate-Setting Methodology (IRM) adjustments. Under the OEB's rate-setting methods, actual operating conditions may vary from forecasts, such that actual returns achieved can differ from approved returns. Approved electricity rates are generally not adjusted as a result of actual costs or revenues being different from forecasted amounts, other than for certain prescribed costs that are eligible for deferral for future collection from, or refund to, customers.

EWU recovers its costs from customers through electricity distribution rates. These include the costs to:

- Design, build and maintain overhead and underground distribution lines, poles, stations and local transformers;
- Operate local distribution systems, including smart meters; and
- Provide customer service and emergency response.

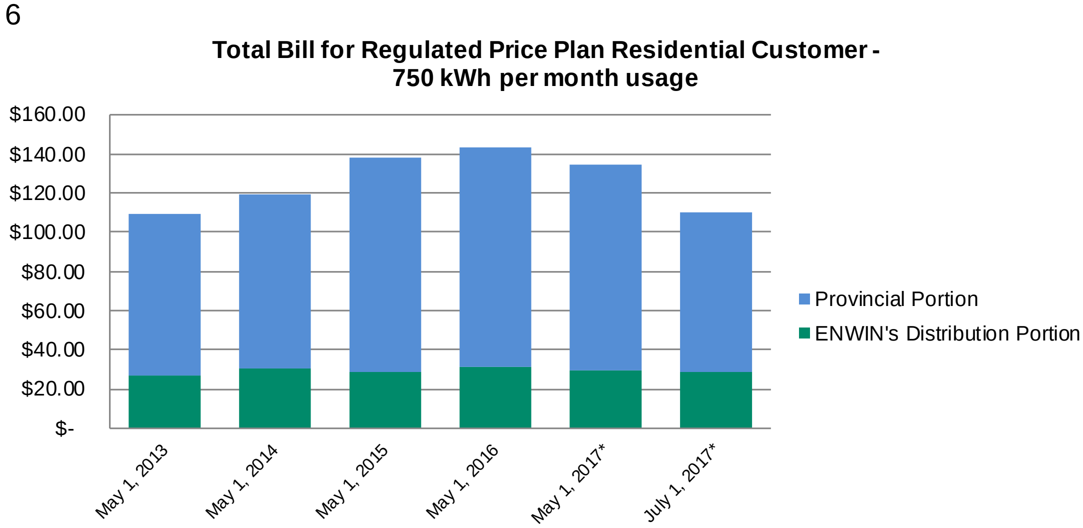
Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distance, population density and growth and the proportion of residential to commercial and industrial consumers. EWU's distribution revenue from commercial and industrial customers is just over 50% of its total revenues (51.2% in 2016).

EWU's distribution charge to its residential customers represents less than 30 percent of the total amount the customer pays. EWU collects the entire electricity bill but keeps only this portion. The balance is passed on, without markup, to regulators, the provincial government and the other companies responsible for generating and transmitting electricity and managing the market system.

6.3 EWU Rate Setting

EWU's distribution rates are set by the OEB, based on applications submitted for rate changes. EWU last filed a COS application for rates effective May 1, 2009, and consequently, EWU's portion of the bill has remained relatively constant except for inflation minus a stretch factor over the intervening years. Effective July 1, 2017, Ontario's Fair Hydro Plan reduced electricity bills for residential customers by an average of 25%, including the 8% HST rebate introduced in January 2017. These reductions provided some relief for residential customers following several years of rate increases as outlined in the chart (FIGURE 6) that follows:

FIGURE 6



EWU has in recent years filed an annual submission under the OEB's Annual Incentive Rate-setting Index (Annual IR) which has essentially allowed EWU an annual price increase based on inflation less a factor of .60% which is the stretch factor normally assigned to LDC's that are in Cohort V of the PEG (Pacific Economics Group) econometric model used to assess and predict costs associated with each LDC's operating conditions. While EWU is not in Cohort V, the use of a factor of .60% or the maximum reduction, is due to the fact that the resultant rate adjustment under the Annual IR Index is equal to the lowest rate adjustment available to utilities which are on a standard rebasing schedule and the fact that there is no fixed term for the Annual IR Index plan. This is the OEB requirement in such a situation.

Historically EWU has been assigned to Cohort IV. The OEB's cohort assignments are challenged by the fact that EWU makes appropriate levels of investment in its distribution plant and owns and operates its own substations, while all other LDC's may not do so. This impacts comparability to other utilities and underscores the importance of EWU's continuing efforts to achieve additional and continued operating efficiencies.

EWU is proud to report its assignment as Cohort III as of 2017. See attached Appendix B for the 2017 scorecard. EWU will continue to strive to maintain and improve operational efficiency.

In 2015, the OEB issued a policy to transition residential customers' rates to a fully fixed structure (from a fixed monthly charge and variable usage charge) over a four – year period beginning in 2016. This was accomplished through a phase-in of fixed rates between 2016 and 2019. Residential customers of EWU will be fully phased in with fixed rates by 2019.

It is planned that the rate change to be effective May 1, 2019 (application filed in 2018) is the final year for an Annual IR Index application for EWU prior to rebasing. EWU then intends to file a Cost of Service Rate Application for rates effective January 1, 2020 with the application filed in April, 2019. This would then be followed by indexing by the 4th generation price cap index formula in the 4 intervening years until EWU's next normally scheduled Cost of Service application which, in the absence of any unforeseen impediments, is predicted to be for rates effective January 1, 2025.

This Business Plan forms part of the EWU Cost of Service Rate Application for rates effective January 1, 2020.

6.4 Conservation and Demand Management (CDM)

Under the Ontario government's new conservation framework, which commenced on January 1, 2015, LDC's were mandated to submit a six year CDM plan to the IESO. EWU submitted a plan that allowed the company to move toward their target. EWU has been assigned a target of 151.3 GWh and has been allocated a budget of $38.4 Million to fund customer incentives and EWU expenses to 2020. The plan has been updated and reported each year.

As of June, 2018, EWU projects that it has fully achieved its target and has fully allocated its incentive dollars, when including projects confirmed or contracted even if the projects are not yet commenced ie. "in the pipeline". Accordingly management is working with the IESO to ensure that local businesses can receive incentive dollars for their energy efficiency projects, directly from the IESO while EWU CDM staff remain involved as local contacts. EWU staff will continue to manage all projects to their full completion and administrative costs of CDM remain funded by the IESO through the Global Adjustment Allocation. We are optimistic that this arrangement will be approved by the IESO in the fall of 2018.

CDM expenses are not included in our expenditure forecasts and we await word of the provincial government's overall policy statements on future funding for purposes of future planning. In the meantime, we continue to monitor our very successful CDM program to ensure all existing approved projects achieve fulfillment by 2020 and that all additional projects are communicated to the IESO for extra incentive funding to customers.

Incentive dollars received by ENWIN will be utilized as approved by the Board of Directors but will likely be used to re-invest into systems and technology or alternatively to reduce debt.

- ✓ Continue to manage approved CDM projects through 2020, under the Conservation First Framework to ensure intended energy savings are achieved and all incentive dollars are appropriately allocated, while awaiting word on and planning for the post 2020 CDM framework.

For 2018 rates, EWU has been approved for a recovery rate rider that includes the Lost Revenue Adjustment Mechanism (LRAM) for 2016 and prior years to compensate EWU for distribution revenue decreases directly related to electricity conservation mechanisms implemented by our customers. These impacts to forecasted load related to persisting and new conservation initiatives will be included in EWU's rate design upon conclusion of the Cost of Service rate application process.

Hydro One, as transmitter, loses revenue due to large scale embedded generation installed "behind the meter" mainly by significant industrial customers, thereby surpassing the transmission system. To compensate the transmitter for this, the OEB has approved a Gross Load Billing charge to EWU (and other LDC's) for these generation customers. EWU is required to remit this revenue to Hydro One however EWU has no matching charge for this amount in its tariffs for its customers. This Gross Load Billing is booked to a variance account and absent a mechanism to charge it to the specific industrial customer, it will be charged to all customers in the industrial rate class through a rate rider to be cleared in future rate applications.

Finally, EWU's customers are continuing to find ways to connect their own generation to avoid high electricity costs and are being successful in doing so, with or even absent, assistance from the LDC's CDM group. EWU is most often still expected to "stand-by' and provide elecricty service to meet the customer's full load if self- generation fails or at peak times. This has prompted consideration of a standby charge to ameliorate distribution revenue losses and to allow EWU to recover its costs for providing this service.

All of these matters will be addressed in the January 1, 2020 rate application and/or will continue to be pursued to a resolution.

- ✓ Address Gross Load Billing and Standby Charges

6.5 Enterprise Risk Management (ERM)

EWU has adopted a systematic approach to the management of risks and uncertainties, integrating risk management into business processes and the periodic reporting of organizational performance.

The Corporation's Enterprise Risk Management (ERM) framework was directed by the Board of Directors in 2017, developed by management through the work of the Chief Financial Officer, and is to be renewed annually. It consolidates semi-annual risk reporting to the President and Chief Executive Officer, and to the Board, highlighting potential risk factors that may have an impact upon EWU's near-term business objectives and strategic direction. Following a number of planning reports reviewed by an ad hoc committee of board members, EWU's ERM policy and plan was adopted in June, 2018.

The ERM framework supports and compliments EWU's strategic planning and annual business planning cycles, thereby enabling continuous review of assumptions and regularly refreshed environment scans. EWU monitors sources of risk inherent in the industry and to the regulated environment. These include, but are not limited to:

- The political and regulatory environment;
- The state of the economy and macro-economic trends as well as economic trends unique to our service territory and the industries we serve;
- The state of financial markets and of investment in the utilities space;
- Government policies relating to the production and procurement of renewable and clean energy, as well as carbon emissions and conservation;
- The convergence of information technology and operational technology; and,
- Labour force demographics, with a particular emphasis on the renewal of human resources in the trades.

In combination, these sources of risk will shape the evolution of the industry, which could in turn present new and emerging risks that need to be managed effectively.

EWU will continue to monitor annually its enterprise risks and report to its Board of Directors semi-annually as to any changes in its assessment of critical risks. Additionally management will report on risk mitigation strategies. The schedule of reporting will commence in 2019.

- ✓ Semi- annual ERM reports on Enterprise Risks and Risk Mitigation strategies for each of EWU's key risks, throughout the 2019 to 2024 planning horizon

6.6 Financial Forecast

Appendix A provides a summary and key financial highlights of the 2019 through 2024 budget and forecast (pending Board approval as of the timing of this business plan). Assumptions are also provided in this Appendix.

The business plan assumes that EWU re-bases in 2020. In the non – rebasing years, the Business Plan assumes that the base distribution revenue increases by an inflation factor based on the incentive rate-setting methodology.

Cash flows are expected to be challenged in the short term after the rate application due to a repayment of large rate riders, primarily the IFRS/GAAP transition rate rider necessary as a result of conversion to IFRS. EWU is well positioned to withstand this temporary rate anomaly without significantly impacting its overall strong balance sheet.

6.7 Capital Structure

At the end of 2017 EWU maintained a capital structure of 43% debt (2017) to 57% equity making EWU's debt level among the lowest among LDC's in Ontario. This low level of debt and consequently lower interest costs has allowed EWU to develop a stable cash position and strong balance sheet. Long Term Debt is held by the shareholder. At this time, management is reviewing options to bring the capital structure more in line with the OEB rate setting structure of 60% debt and 40% equity.

- ✓ Review capital structure and consider closer alignment to the OEB rate setting structure

S&P has rated EWU's shareholder (Windsor Canada Utilities Ltd) A/Stable. This strong rating is primarily a reflection of the stable industry with rate regulated returns in which EWU operates.

- ✓ Maintain A /Stable Debt Rating (S&P)

EWU will continue to evaluate its need for capital during the rebasing period. Finance requirements will be supported by short term borrowings from a line of credit until the debt is large enough to consider financing from the capital markets either directly or through the parent company as debt holder.

- ✓ Consider the need for additional debt financing as cash needs arise

The complete Budget/Forecast Financial Statements including balance sheet for the period 2017 (actual) through 2024, are attached to the business plan as **Appendix A**.

- ✓ Operationalize and report against the Budget/Forecast 2019 -2024

6.8 Corporate Targets

Appendix B contains the most recent OEB Scorecard available at the time of printing of this Business Plan. Explanations are provided in the accompanying Management Discussion & Analysis.

A description of EWU's Corporate Metrics for 2019 and forecast years is attached as **Appendix C**. Although many more metrics are utilized internally, these metrics are used to measure our executive and management performance and include metrics beyond the OEB Scorecard. Specific numerical targets are approved concurrent with the budget and form part of that document. These have been established for the forecast years but will be re-visited annually following conclusion of the Cost of Service Application and as approval by the EWU Board of Directors is sought each year.

- ✓ Continue to track and report annually - Corporate Scorecard Metrics

7.0 Public Policy Responsiveness

Consolidation amongst municipally-owned LDCs has been encouraged at the provincial level, as an opportunity to attain economies of scope and scale that would work to the benefit of the customers of all the participating utilities. However, the pursuit of this opportunity may be unviable if valuations for mergers and acquisitions remain at levels that utilities may consider excessive or potentially detrimental to their own interests, or those of the shareholder and ratepayers.

The possibility of voluntary consolidation or collaboration with like-minded municipally-owned LDCs for mutual benefit exists if policy direction, regulatory guidance and tax incentives remain appropriately aligned or improved. The downside to consolidation with smaller utilities remains that this would result in an expectation of increased service levels delivered to the customers of those utilities with a corresponding increase in costs in excess of that achieved through economies of scale.

EWU has formed strategic alliances with other utilities through membership in organizations such as GridSmartCity© and the Utility Standards Forum (USF), that offer an alternative to consolidation, by working together to find efficiencies through partnership. Failure to achieve economies of scale has been viewed as an enterprise risk by WCU with mitigation strategies developed.

In 2017, EWU continued to build on its reputation as a responsible, community-focused partner, through a Community Support Committee that helped identify and build partnerships with charitable organizations within its service territory. The committee is a team of volunteer employees, who reviewed dozens of applications – balancing community needs against available time and resources – to determine how the company could best support its employees' desire to support community.

EWU also launched its Powerful Partners communication campaign, to ensure visibility and recognition for employees and community partners – both in their everyday work and in their volunteer activities.

As powerful partners, EWU employees demonstrated a strong sense of corporate citizenship within the local community. In 2017, 92 EWU employees participated in 74 distinct events and fundraising campaigns, volunteering a total of 128 times in support of the utility's community outreach efforts.

The list of community support partners assisted by EWU and its employees in 2017 is extensive. It includes:

- Energy, water, safety and technology education programs with St. Clair College, the University of Windsor and The Safety Village;
- Community health and wellness programs with the John McGivney Children's Centre, Maryvale, The Canadian Cancer Society Windsor-Essex County, The Downtown Mission, The Windsor Goodfellows and The United Way/Centraide Windsor-Essex County;
- Memorial and legacy projects, such as the Hiram Walker memorial statue in Walkerville and the dedication of a Memorial Cup Remembrance Garden at WFCU; and
- Support for community leisure activities, such as Open Streets Windsor and the Windsor Spitfires Memorial Cup games.

In April, 2017, EWU employees were honoured to receive the Hero of the Year Award from the United Way/Centraide Windsor-Essex County, for their dedication, ingenuity and creativity in planning and executing their United Way fundraising campaign.

This demonstrates the level of engagement and commitment to the community by EWU employees. Management plans to continue to provide opportunities and encourage volunteerism into the future.

- ✓ Continue Powerful Partners campaign to support and promote our employees' volunteer efforts to emphasize EWU's important role within the community

8.0 Governance

EWU is committed to establishing and maintaining leading governance practices for a company of its size and mandate. In March, 2018 the OEB issued a guidance document on corporate governance entitled: *Corporate Governance Guidance for OEB Rate Regulated Utilities.* It includes new reporting requirements which are expected to be mandatory under regulation and may also involve increased Board of Director independence through an updated *Affiliate Relationships Code.* A further stakeholder discussion meeting has been scheduled by the OEB to take place in mid-September, 2018.

Because governance standards are always evolving, EWU seeks to continuously improve its governance practices, particularly in light of its responsibility as a monopoly, to be accountable both to its shareholder and the public. While it remains unclear as to how much of the above guidance document will become mandatory regulation, EWU already adheres to many of the recommendations and will strive for full compliance of all recommendations. Additionally, as noted earlier in this business plan, while EWU is not a reporting issuer under the *Securities Act*, and is therefore not subject to governance standards that apply to publicly-traded companies, the company is guided by these standards and strives to meet or exceed them.

Accountability for the effective oversight of EWU in 2017 and recent years rested with a six-member Board of Directors, which was fully compliant with the existing ARC rules for independence. The Governance Committee and Board of both EWU and its parent company will receive a report in September, 2018 and will consider additional board members intended to work toward board diversity, a broad range of experience backgrounds of board members and independence at the level of above 50%, as recommended by the OEB guidance document.

- ✓ Implement new recommendations of the OEB guidance document on Corporate Governance

In carrying out its oversight function, the Board of Directors is guided by a Shareholder Declaration issued by its shareholder and revised from time to time. The Board adheres to the City's Code of Conduct for Members of Council and Local Boards.

On a day-to-day basis, the corporation is led by an executive management team, comprised of the President and Chief Executive Officer, the Chief Financial Officer and the senior executives of the key functional areas.

This team oversees the alignment of business practices and strategies with the goals of the Company, and drives performance by managing risks and opportunities. The executive management team is accountable to the corporation's Boards of Directors through the President and Chief Executive Officer.

The following committees were created to help the Boards of Directors carry out their duties. The committees meet regularly and provide feedback on their discussions to their respective Boards.

Audit and Finance Committee: The Audit & Finance Committee reviews financial statements, accounting practices and policies, auditing processes and the results of internal and external audits and related matters. This committee also oversees financial risk management and assesses internal controls.

Governance and Human Resources Committee: The Governance and Human Resources Committee reviews the Corporation's governance structures and practices to ensure that the Board of Directors can fulfill its mandate. It reviews management resources and compensation practices to ensure systems are in place to attract, retain and motivate qualified management employees. It also oversees the board assessment process.

Executive Committee: The Executive Committee reviews and assesses the performance of the President and Chief Executive Officer and provides input regarding strategic direction and operational matters.

9.0 Business Plan Summary

Subject to the risks and uncertainties discussed above, EWU will continue to provide efficient, reliable and reasonably priced electricity distribution services to customers, as well as conservation expertise.

It is our goal to ensure that customers will continue to benefit from stable, moderate, and predictable rate impacts. In the interests of moderating future rate increases to the LDC's customers as fully as possible, EWU remains committed to ongoing innovation, productivity and cost containment.

As described above, there is a strong alignment between EWU's Strategy and Business Plan and the RRFE.

Subject to OEB approval of the 2020 test year distribution rates included in our rate application, EWU anticipates achievement of the goals and metrics, the Budget/Forecast, the AMP and the DSP as outlined in this Business Plan.

ATTACHMENT 1 – B

Board Appendix 2-A; Requested Approvals

File Number:	EB-2019-0032
Exhibit:	18/04/2019
Tab:	pg
Schedule:	
Page:	
Date:	18/04/2019

Appendix 2-A
List of Requested Approvals

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

ENWIN Utilities Ltd. is seeking the following approvals in this application:

1		Approval to change the rate year to January 1 to December 31 from May 1 to April 30, in order to align with financial and other reporting.
2		Approval to charge distribution rates effective January 1, 2020 to recover a service revenue requirement of $58,246,170 which includes a revenue deficiency of $3,301,461 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
3		Approval of the consolidated Distribution System Plan (“DSP”) as outlined in Exhibit 2, Attachment 2-A.
4		Approval to eliminate the General Service 3,000 to 4,999 kW rate class and move the three (3) existing customers to the General Service > 50 kW to 4,999 kW rate class, as discussed in Exhibit 7.
5		Approval to eliminate the Large Use – Ford Annex rate class, and move the one (1) existing customer to the Large Use – 3TS rate class, as discussed in Exhibit 7.
6		Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.

7		Approval to use gross load billing for Retail Transmission Rates – Line and Transformation Connection Service Rates for customers who have eligible load displacement generation as described in Exhibit 8.
8		Approval of the proposed loss factors as detailed in Exhibit 8.
9		Approval to continue to use the Transformer Allowance as described in Exhibit 8.
10		Approval to charge the Smart Metering Entity Charge, Wholesale Market Service Rate, Rural or Remote Electricity Rate Protection Charge, Standard Supply Service Charge, and microFIT monthly service charge as detailed in Exhibit 8.
11		Approval to charge the Specific Service Charges, including the new Cellular Meter Read Charge, as detailed in Exhibit 8.
12		Approval to charge Retail Service Charges as detailed in Exhibit 8.

ATTACHMENT 1 – C

List of Abbreviations

Accounting Procedures Handbook (APH) Administrative Services Only
(ASO)
Advanced Metering Infrastructure (AMI)
Affiliate Relationships Code for Electricity Transmitters and Distributors (ARC) Allowance for Funds Used
During Construction (AFUDC)
Alternating Current (AC)
Asset Condition Assessment (ACA) Asset Management Plan
(AMP)
Asset Retirement Obligation (ARO) Administrative Services Only
(ASO) Bankers' Acceptance (BA)
Base Revenue Requirement (BRR)
Canadian Electricity Association (CEA)
Canadian Generally Accepted Accounting Principles (CGAAP) Canadian Institute of Charted
Accountants (CICA)
Canadian Pension Plan (CPP)
Canadian Radio-Television and Telecommunications Commission (CRTC) Canadian Standards Association
(CSA)
Canadian Accounting Standards Board (AcSB)
Capital Cost Allowance (CCA)
Capacity Allocation Exempt (CAE)
Capacity Allocation Required Applications (CAR) Capacity Based Demand
Response (CBDR) Conservation and Demand Management (CDM)
Construction-Work-in-Progress (CWIP)
Consumer Price Index (CPI)
Corporation of the City of Windsor (City of Windsor)
Cost of Service (COS)
Cross Link Poly ethylene (XLPE)
Cumulative Eligible Capital (CEC)
Customer Average Interruption Duration Index (CAIDI)
Customer Information System (CIS)
Customer Service Representatives (CSR) Deferral and Variance
Accounts (DVAs)
Direct Current (DC)
Dissolved Gas Analysis (DGA) Distribution Availability Test
(DAT) Distribution Service Code (DSC) Distribution Stations
(DS)
Economic Connection Test (ECT)
Electrical & Utilities Safety Association (EUSA) Electrical Safety Authority
(ESA)
Electricity Distribution Rate (EDR)
Electricity Distributors Association (EDA)
Electronic Business Transactions (EBT)
Eligible Capital Expenditure (ECE)
Employee and Family Assistance Program (EFAP) Enterprise Resource Planning
(ERP)
Ethylene Propylene (EPR) Fair Market Value (FMV)
Feed-In Tariff (Fit)
First-In-First-Out ("FIFO")
Fit Application Management Environment (FAME)
Fort William Transformer Station (FWTS)
Full Time Equivalent (FTE)
General Accepted Accounting Principles (GAAP) General Service (GS)
Geographic Information System (GIS)
Green Energy Act (GEA)

Gross Domestic Product (GDP) Harmonized Sales Tax (HST)
Hourly Ontario Energy Price (HOEP)
Incentive Regulation Mechanism (IRM)
Independent Electricity System Operator (the IESO)
Information Service Division (ISD)
Information System Department (ISD) Information Technology
(IT)
Infrastructure Health & Safety Association (IHSA)
Input Tax Credit (ITC)
Integrated Power System Plan (IPSP)
International Brotherhood of Electrical Workers (IBEW) International Financial
Reporting Standards (IFRS) International Organization for Standardization (ISO)
Kilo Volt Amperes (kVa)
Kilowatt (kW)
Kilowatt hours (kWhs)
Large Corporation Tax (LCT) Local Area Network (LAN)
Local Distribution Company (LDC)
Long Term (LT)
Long Term Disability (LTD)
Lost Revenue Adjustment Mechanism (LRAM)
Low Income Energy Assistance Program (LEAP)
Low Voltage (LV)
Meter Data Management/Repository (MDM/R)
Meter Data Management for Interval Meter Customers (MV90)
Meter Service Provider (MSP)
Metering and Electricity Revenue (MER) Ministry of Labour (MOL)
Ministry of Transportation (MTO)
Ministry of Environment and Energy (MOEE)
Modified Canadian Generally Accepted Accounting Principles (MCGAAP) Modified International
Financial Reporting Standards (MIFRS)
Momentary Average Interruption Frequency Index (MAIDI)
Municipal Electric Association Reciprocal Insurance Exchange (MEARIE)
Net Book Value (NBV)
North American Occupational Safety and Health Week (NAOSH) Occupational Health, Safety and
Environment (OH&S)
Occupational Health and Safety Assessment Series (OHSAS)
Ontario Energy Association (OEA)
Ontario Energy Board (OEB)
Ontario Municipal Employees Retirement System (OMERS)
Ontario Municipal Employees Retirement System Primary Pension Plan (OMERS Plan)
Ontario Municipal Employees Retirement System Supplemental Plan for Police, Firefighters and Paramedics (Supplemental Plan)
Ontario Value Added Tax (OVAT) Ontario Power Authority
(OPA) Ontario Power Generation (OPG) Ontario Price Credit
(OPC)
Ontario Uniform Transmission Rates (UTRs) Operational Data Storage (ODS)
Operations and Maintenance (O&M)
Operations, Maintenance and Administration (OM&A) Outage Management System
(OMS)
Overhead (OH)
Paid-up Capital (PUC)
Paper Insulated Lead Covered (PILC)
Parts Per Million (ppm)
Parts Per Billion (ppb)
Payments in Lieu of Taxes (PILs)
Peak Load Carrying Capability (PLCC)

Personal Computer (PC)
Polychlorinated Biphenyls (PCBs)
Post Retirement Employee Benefits (PREB)
Power Line Technician (PLT)
Production Action Reports (PARs) Provincial Sales Tax (PST)
Property Plant & Equipment (PP&E)
Public Service Works on Highways Act (PSWHA) Quality Assurance (QA)
Quality Control (QC)
Regulated Price Plan (RPP)
Remote Terminal Unit (RTU)
Reliability Centered Maintenance (RCM)
Reporting and Record Keeping Requirements (RRR)
Retail Cost Variance Account (RCVA)
Retail Settlement Code (RSC)
Retail Settlement Variance Account (RSVA) Retail Transmission Service
Rates (RTSRs) Radical Boom Derrick (RBD)
Renewable Enabling Improvements (REIs)
Renewable Energy Standard Offer Program (RESOP)
Request for Proposal (RFP)
Return on Equity (ROE)
Second Generation Incentive Regulation Mechanism (2GIRM) Service Agreements (SAs)
Shared Savings Mechanism (SSM) Smart Meters (SM)
Smart Meter Disposition Rate Rider (SMDR)
Smart Meter Incremental Rate Rider (SMIRR)
Smart Meter Initiative (SMI)
Special Purpose Charge (SPC)
Sponsors Corporation (SC)
Stranded Asset Rate Rider (SMRR)
Supervisory Control and Data Acquisition (SCADA)
System Average interruption Duration Index (SAIDI)
System Average Interruption Frequency Index (SAIFI)
System of Accounts (SOA)
The Corporation of the City of Windsor (City of Windsor)
Third Generation Incentive Regulation Mechanism (3GIRM)
ENWIN Corporation (TBHC)
ENWIN Electricity Distribution Inc. (TBHEDI)
Windsor Renewable Power Incorporated (TBRPI)
Windsor Utility Services Inc. (TBUSI)
Time Current Characteristics (TCC) Time-of-Use (TOU)
Total Loss Factor (TLF)
Transmission Availability Test (TAT) Transformer Ownership
Credit (TOC) Transformer Stations (TS)
Tree Retardant Cross Linked Polyethylene Insulated Cables (TBRXLPE)
Typical Useful Life (TUL)
Undepreciated Capital Cost (UCC) Underground (U/G)
Uniform System of Accounts (USoA)
Unmetered Scattered Load (USL)
Utility Work Protection Code (UWPC)
Validating, Editing and Estimating (VEE)
Vice president (VP)
Vulnerable Energy Consumers Coalition (VECC)
Wide Area Network (WAN)
Working Capital Allowance (WCA)
Workplace Safety and Insurance Board (WSIB)
Year’s Maximum Pensionable Earnings (YMPE)

ATTACHMENT 1 – D

Certification of Evidence

CERTIFICATION OF EVIDENCE

In accordance with the Chapter 1 Filing Requirements dated July 12, 2018, an application filed with the OEB must include a certification by a senior officer of the Applicant that the evidence filed is accurate, consistent and complete to the best of his or her knowledge.

I, Helga Reidel, President & CEO of ENWIN Utilities Ltd., certify that the evidence filed is accurate, consistent and complete to the best of my knowledge.

April 24, 2019

Helga Reidel
President & CEO
ENWIN Utilities Ltd.

ATTACHMENT 1 – E

Cost of Service Filing Checklist

2020 Cost of Service Checklist

ENWIN Utilities Ltd.

EB-2019-0032

Date: April 26, 2019

Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
GENERAL REQUIREMENTS			
Ch 1, Pg. 2	Certification by a senior officer that the evidence filed is accurate, consistent and complete	**Yes**	Exhibit 1, Attachment 1-D Certification of Evidence
Ch 1, Pg. 3	Confidential Information - Practice Direction has been followed	**Yes**	Exhibit 1, Section 1.4.18 Confidential Information
Ch 2, Pg. 1	Statement identifying all deviations from Filing Requirements	**Yes**	Exhibit 1, Section 1.4.22 Deviation from Filing Requirements
2	Chapter 2 appendices in live Microsoft Excel format; PDF and Excel copy of current tariff sheet	**Yes**	Exhibit 1, Section 1.4.19 Chapter Two Appendices; Exhibit 8, Attachment 8-C ENWIN's 2019 Approved Tariff Sheets; Tariff Schedule and Bill Impacts Model
3	If applicable, late applications filed after the commencement of the rate year for which the application is intended to set rates is converted to the following rate year.	**N/A**	
3	Aligning rate year with fiscal year - request for proposed alignment	**Yes**	Exhibit 1, Section 1.4.14 List of Specific Approvals Requested
5	Text searchable and bookmarked PDF documents	**Yes**	Exhibit 1, Section 1.4.20 Searchable PDF
5	Links within Excel models not broken and models names so that they can be identified (e.g. RRWF instead of Attachment A)	**Yes**	Exhibit 1, Section 1.4.19 Chapter Two Appendices
5	Materiality threshold; additional details beyond the threshold if necessary	**Yes**	Exhibit 1, Section 1.9.12 Materiality Threshold
16	Proposal for disposition of any balances in existing DVAs for renewable generation and smart grid development, if applicable	**Yes**	Exhibit 9, Section 9.4.4 Account 1534: Smart Grid Capital Deferral Account; and Section 9.4.5 Account 1535: Smart Grid OM&A Deferral Account
6	State accounting standard(s) used in historical, bridge and test years. Provide a summary of changes to its accounting policies made since the applicant's last cost of service filing. Identify all material changes or confirm no material changes in the adoption of IFRS. Appendix 2-Y	**Yes**	Exhibit 1, Section 1.9.9 Statement of Accounting Standard Used
RESS Guideline	Two hardcopies of application sent to OEB the same day as electronic filing (p10 of RESS Guideline)	**Yes**	Exhibit 1, Section 1.4.21 Application Document
EXHIBIT 1 - ADMINISTRATIVE DOCUMENTS			
Table of Contents			
6	Table of Contents listing major sections and subsections of the application. Electronic version of application appropriately bookmarked to provide direct access to each section	**Yes**	Exhibit 1, Section 1.1.1 Table of Contents
Executive Summary			
6	Summary identifying key elements of the proposals and the Business Plan underpinning application, as guided by the Rate Handbook including plain language information about its goals	**Yes**	Exhibit 1, Section 1.2 Executive Summary and Business Plan
Administration			
6	Brief but complete summary of the application that will be posted as a stand-alone document on the OEB's website for review by the general public and be made available to customers of the applicant	**Yes**	Exhibit 1, Section 1.3 Customer Summary
6 & 7	Primary contact information (name, address, phone, fax, email)	**Yes**	Exhibit 1, Section 1.4.1 Contact Information
7	Identification of legal (or other) representation	**Yes**	Exhibit 1, Section 1.4.2 Legal and Other Representation
7	Applicant's internet address for viewing of application and any social media accounts used by the applicant to communicate with customers	**Yes**	Exhibit 1, Section 1.4.3 Internet Address & Social Media
7	Statement identifying customers materially affected by the application including any change to any rate or charge and specific statement of what individual customer or customer groups would be affected by the proposed change	**Yes**	Exhibit 1, Section 1.4.4 Affected Customers & Publication
7	Statement identifying where notice should be published and why	**Yes**	Exhibit 1, Section 1.4.4 Affected Customers & Publication
7	A list of one ore more accessible community-based venues for each non-contiguous area that the utility serves	**Yes**	Exhibit 1, Section 1.4.5 Proposed Venues for Community Meeting
7	Bill impacts - distribution only impacts for 750 kWh residential and 2000 kWh GS<50 (sub-total A of Tariff Schedule and Bill Impact Spreadsheet Model) to be used for notice; proposed bill impacts based on alternative consumption profiles and customer groups as appropriate given consumption patterns of a distributors customers	**Yes**	Exhibit 1, Section 1.4.6 Bill Impacts for Publication
7	Form of hearing requested and why	**Yes**	Exhibit 1, Section 1.4.7 Form of Hearing
7	Requested effective date	**Yes**	Exhibit 1, Section 1.4.8 Effective Date
7	Statement identifying and describing any changes to methodologies used vs previous applications	**Yes**	Exhibit 1, Section 1.4.9 Changes in Methodologies
8	Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application (e.g., filing of a study as directed in a previous decision)	**Yes**	Exhibit 1, Section 1.4.10 Board Directives
8	Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided	**Yes**	Exhibit 1, Section 1.4.11 Conditions of Service

2020 Cost of Service Checklist

ENWIN Utilities Ltd.

EB-2019-0032

Date: April 26, 2019

Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
8	Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's Board of Directors and a description of the reporting relationships between utility and parent company management. Also include any planned changes in corporate or operational structure, including any changes in legal organization and control	Yes	Exhibit 1, Section 1.4.12 Corporate & Utility Organizational Structure; Section 1.4.13 Board of Directors and Independence

2020 Cost of Service Checklist

ENWIN Utilities Ltd.

EB-2019-0032

Filing Requirement Page # Reference

Date: April 26, 2019

Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
8	List of approvals requested (and relevant section of legislation), including accounting orders - a PDF copy of Appendix 2-A should be provided in this section	**Yes**	Exhibit 1, Section 1.4.14 List of Specific Approvals Requested
Distribution System Overview			
8	Description of Service Area (including map, communities served)	**Yes**	Exhibit 1, Section 1.5.1 Overview of Service Area
8 & 9	Description of whether the distributor is a host distributor and/or embedded distributor. Identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW	**Yes**	Exhibit 1, Section 1.5.2 Identification of Embedded or Host Utilities
9	Statement as to whether or not the distributor has had any transmission or high voltage assets deemed by the OEB as distribution assets and whether or not there are any such assets the distributor is seeking approval for in this application	**Yes**	Exhibit 1, Section 1.5.3 Transmission and High-Voltage Assets
Application Summary			
At a minimum, the items below must be provided. Applicants must also identify all proposed changes that will have a material impact on customers.			
9	Revenue Requirement - service RR, increase/decrease ($ and %) from change from previously approved and main drivers	**Yes**	Exhibit 1, Section 1.6.1 Revenue Requirement
9	Budgeting and Accounting Assumptions - economic overview and identification of accounting standard used for test year and brief explanation of impacts arising from any change in standards	**Yes**	Exhibit 1, Section 1.6.2 Budgeting and Accounting Assumptions
9	Load Forecast Summary - load and customer growth, % change in kWh/kW and customer numbers, description of forecasting method(s) used for customer/connection and consumption/demand	**Yes**	Exhibit 1, Section 1.6.3 Load Forecast Summary
9 & 10	Rate Base and DSP - major drivers of DSP, rate base for test year, change in rate base from last approved ($ and %), capital expenditures requested for the test year, change in capital expenditures from last approved ($ and %), summary of costs requested for renewable energy connections/expansions, smart grid, and regional planning initiatives, any O.Reg 339/09 planned recovery	**Yes**	Exhibit 1, Section 1.6.4 Rate Base and DSP
10	OM&A Expense - OM&A for test year and change from last approved ($ and %), summary of drivers, inflation assumed, total compensation for test year and change from last approved ($ and %).	**Yes**	Exhibit 1, Section 1.6.5 Operations, Maintenance and Administration Expense
10	Cost of Capital - summary table showing proposed capital structure and cost of capital parameters used in WACC. Statement regarding use of OEB's cost of capital parameters; summary of any deviations	**Yes**	Exhibit 1, Section 1.6.6 Cost of Capital
10	Cost Allocation & Rate Design - summary of any deviations from OEB methodologies, significant changes proposed to revenue-to-cost ratios and fixed/variable splits and summary of proposed mitigation plans	**Yes**	Exhibit 1, Section 1.6.7 Cost Allocation and Rate Design
10	Deferral and Variance Accounts - total disposition (RPP and non-RPP), disposition period, new accounts requested	**Yes**	Exhibit 1, Section 1.6.8 Deferral and Variance Accounts
10	Bill Impacts - total impacts ($ and %) for all classes for typical customers	**Yes**	Exhibit 1, Section 1.6.9 Bill Impacts
Customer Engagement			
10	Discussion on how customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates	**Yes**	Exhibit 1, Section 1.7.2 Methods of Engagement;
10	Discussion of any feedback provided by customers and how the feedback shaped the final application	**Yes**	Exhibit 1, Section 1.7.4 Summary of Customer Needs and Preferences
11	Reference to any other communication sent to customers about the application i.e. bill inserts, town hall meetings or other forms of out reach and the feedback received from customers through these engagement activities	**Yes**	Exhibit 1, Section 1.7.2 Methods of Engagement; Section 1.7.4 Summary of Customer Needs and Preferences
11	Complete Appendix 2-AC Customer Engagement Activities Summary - explicit identification of the outcomes of customer engagement in terms of the impacts on the distributor's plans, and how that information has shaped the application	**Yes**	Exhibit 1, Attachment 1-F Board Appendix 2-AC; Section 1.7.5 Customer Needs, Preferences, Expectations and the DSP
11	All responses to matters raised in letters of comment filed with the OEB	**Yes**	Exhibit 1, Section 1.4.24 Letters of Comment
11	Impact of customer engagement activities on the development of the capital plan are to be filed as part of the capital plan requirements in Chapter 5	**Yes**	Exhibit 1, Section 1.7.5 Customer Needs, Preferences, Expectations and the DSP
11	Provide relevant customer and local knowledge for (community) meeting planning purposes, preparing presentation and other materials as may be required, attending the meeting and having one or more executives of the distributor available to present the distributor's rate application information and answer customer questions	**Yes**	ENWIN will participate in the planning of and at the Community Meeting.
11	Required to advertise the OEB's community meeting(s) on a bill insert developed by the OEB in the next available billing cycle following the filing of the application or sooner. The OEB may require the distributor to advertise the meeting(s) through other channels	**Yes**	ENWIN will follow the Board's direction with respect to advertising the Community Meeting.
Performance Measurement			
12	Discussion of performance for each of the distributor's scorecard measures over the last five years; drivers for its performance, plans for continuous improvement, identify performance improvement targets, forecast of efficiency assessment using the PEG forecasting model for the test year, discussion on how the results obtained from the PEG model has informed the business plan and application	**Yes**	Exhibit 1, Section 1.8.1 Scorecard Measures and Performance
Financial Information			
12	Non-consolidated Audited Financial Statements for 2 most recent years (i.e. 3 years of historical actuals)	**Yes**	Exhibit 1, Section 1.9.1 Audited Financial Statements
12	Detailed reconciliation of AFS with regulatory financial results filed in the application, with identification of any deviations that are being proposed	**Yes**	Exhibit 1, Section 1.9.2 Reconciliation - Audited Financial Statements & Regulatory Accounting

2020 Cost of Service Checklist

ENWIN Utilities Ltd.

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Filing Requirement Page # Reference

Date: April 26, 2019

Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
13	Annual Report and MD&A for most recent year of distributor and parent company, if applicable	**Yes**	Exhibit 1, Section 1.9.3 Annual Report
13	Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances	**Yes**	Exhibit 1, Section 1.9.4 Rating Agency Report; Section 1.9.5 Prospectuses or Information Circulars
13	Any change in tax status	**Yes**	Exhibit 1, Section 1.9.6 Change in Tax Status
13	Existing accounting orders and departures from the accounting orders and USoA	**Yes**	Exhibit 1, Section 1.9.7 Accounting Orders
13	Accounting Standards used for financial statements and when adopted	**Yes**	Exhibit 1, Section 1.9.9 Statement of Accounting Standard Used
13	Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities	**Yes**	Exhibit 1, Section 1.9.10 Non-Utility Business Accounting
Distributor Consolidation			
13	If a distributor has acquired or amalgamated with another distributor, identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue requirement. A distributor must specify whether any commitments made to shareholders are to be funded through rates	**N/A**	
13	Description of actual savings as a result of consolidation compared to what was in the approved consolidation application and explanation of how savings are sustainable and the efficacy of any rate plan approved as part of the MAADs application	**N/A**	

2020 Cost of Service Checklist

ENWIN Utilities Ltd.

EB-2019-0032

Date: April 26, 2019

Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
13	Identify approved ACM or ICM from a previous Price Cap IR application it proposes be incorporated into rate base.	N/A	
EXHIBIT 2 - RATE BASE			
Overview			
14	Completed Fixed Asset Continuity Schedule (Appendix 2-BA) - in Application and Excel format	Yes	Exhibit 2, Attachment 2-B
14	Opening and closing balances, average of opening and closing balances for gross assets and accumulated depreciation (discussion of methodology if applicant uses an alternative method); working capital allowance (historical actuals, bridge and test year forecast)	Yes	Exhibit 2, Section 2.1.1 Overview
14 & 15	Continuity statements (year end balance, including interest during construction and overheads). Explanation for any restatement (e.g. due to change in accounting standards) Year over year variance analysis; explanation where variance greater than materiality threshold Hist. OEB-Approved vs Hist. Actual Hist. Act. vs. preceding Hist. Act. Hist. Act. vs. Bridge Bridge vs. Test	Yes	Exhibit 2, Section 2.1.3 Rate Base Variance Analysis
15	Opening and closing balances of gross assets and accumulated depreciation must correspond to fixed asset continuity statements. If not, an explanation must be provided (e.g. CWIP, ARO). Reconciliation must be between net book value balances reported on Appendix 2-BA and balances included in rate base calculation	Yes	Exhibit 2, Section 2.1.2 Fixed Asset Continuity Statements
Gross Assets - PP&E and Accumulated Depreciation			
15	Breakdown by function and by major plant account; description of major plant items for test year	Yes	Exhibit 2, Section 2.2.1 Breakdown by Function
15 & 16	Summary of approved and actual costs for any ICM(s) and/ or ACM approved in previous IRM applications	N/A	
16	Continuity statements must reconcile to calculated depreciation expenses and presented by asset account	Yes	Exhibit 2, Section 2.1.2 Fixed Asset Continuity Statement
16	All asset disposals clearly identified in the Chapter 2 Appendices for all historical, bridge and test years and if any amounts related to gains or losses on disposals have been included in Account 1575 IFRS - CGAAP Transitional PP&E Amount	Yes	Exhibit 2, Attachment 2-B Board Appendix 2-BA; Exhibit 9, Attachment 9-C Board Appendix 2-EA.
Allowance for Working Capital			
16	Working Capital - 7.5% allowance or Lead/Lag Study or Previous OEB Direction	Yes	Exhibit 2, Section 2.3.1 Allowance Factor Overview
16	Lead/Lag Study - leads and lags measured in days, dollar-weighted	N/A	Exhibit 2, Section 2.3.2, Lead/Lag Study
16 & 17	Cost of Power must be determined by split between RPP and non-RPP Class A and Class B customers based on actual data, use most current RPP (TOU) price, use current UTR. Calculation must fully consider all other impacts resulting from the Ontario Fair Hydro Plan Act, 2017. Distributors must complete Appendix 2-Z - Commodity Expense.	Yes	Exhibit 2, Section 2.3.3 Cost of Power Forecast
17	In consideration of the impact of the Fair Hydro Plan, actual data must be split between Class A and Class B customers (RPP and non-RPP).	Yes	Exhibit 2, Section 2.3.3 Cost of Power Forecast
17	Non-RPP Class B consumption data must be further split between customers eligible for the Global Adjustment (GA) modifier vs. non-eligible. The GA modifier must be applied to eligible customers and a weighted average commodity price must be determined by the split between RPP, eligible non-RPP and non-eligible Non-RPP customers.	Yes	Exhibit 2, Section 2.3.3 Cost of Power Forecast

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Filing Requirement Page # Reference		Yes/No/N/A	Evidence Reference, Notes
17	For customer classes that include Class A customers, distributor must incorporate Class A GA cost by completing the relevant section in Appendix 2-Z	Yes	Exhibit 2, Section 2.3.3 Cost of Power Forecast
17	If a distributor expects test year consumption data to vary significantly, a distributor may provide a forecast of the expected split between Class A and Class B and the expected split between RPP, non-RPP eligible for modifier and non-RPP non eligible for modifier consumption data and provide brief explanation of the forecast	N/A	
Capital Expenditures			
17	DSP filed as a stand-alone document; a discrete element within Exhibit 2	Yes	Exhibit 2, Attachment 2-A, Distribution System Plan
18	Complete Appendix 2-AB - four historical years must be actuals, forecasts for the bridge and test years; at a minimum, for historical years, applicants must provide actual totals for each DSP category. If no previous plan has been filed, applicants are only required to enter their planned total capital budget in the "plan" column for each historical year and for the bridge year including the OEB-approved amount for the last rebasing year	Yes	Exhibit 2, Attachment 2-C, Board Appendix 2-AB
19	Distributor that has an approved ACM or ICM from a previous Price Cap IR application must file a schedule of the ACM/ICM capital asset amounts (ie PP&E and associated accumulated depreciation) it proposes be incorporated into rate base. Distributor must provide a comparison of actual capital spending with the OEB-approved amount and provide explanation for variances.	Yes	Exhibit 2, Section 2.5.4, Capital Expenditures Variance Analysis
Policy Options for the Funding of Capital			
18	Distributor may propose ACM capital project coming into service during Price Cap IR (a discrete project documented in DSP). Provide cost and materiality calculations to demonstrate ACM qualification	N/A	Exhibit 2, Section 2.7, New Policy Options for the Funding of Capital
18	Distributor must establish need for and prudence of these projects based on DSP information; identification that distributor is proposing ACM treatment for these future projects, preliminary cost information	N/A	Exhibit 2, Section 2.7, New Policy Options for the Funding of Capital
18	Complete Capital Module Applicable to ACM and ICM	N/A	Exhibit 2, Section 2.7, New Policy Options for the Funding of Capital
Addition of Previously Approved ACM and ICM Project Assets to Rate Base			Exhibit 2, Section 2.8, Additions of ICM Assets to Rate Base
19	Distributor with previously approved ACM(s) and/or ICM(s) - schedule of ACM/ICM amounts proposed to be incorporated into rate base. The distributors must compare actual capital spending with OEB-approved amount and provide an explanation for variances	N/A	Exhibit 2, Section 2.8, Additions of ICM Assets to Rate Base
19 & 20	Balances in Account 1508 sub-accounts, reconciliation with proposed rate base amounts; recalculated revenue requirement should be compared with rate rider revenue	N/A	Exhibit 2, Section 2.8, Additions of ICM Assets to Rate Base
Capitalization Policy and Capitalization			
20	Changes to capitalization policy since its last rebasing application as a result of the OEB's letter dated July 17, 2012 or for any other reasons, the applicant must identify the changes and the causes of the changes.	Yes	Exhibit 2, Section 2.5.8 Capitalization Policy
20	Appendix 2-D complete; identification of burden rates and burden rates prior to changes, if any	Yes	Exhibit 2, Attachment 2-F, Board Appendix 2-D
Costs of Eligible Investments for the Connection of Qualifying Generation Facilities			
21 & 22	Generation Facilities - If applicable, proposal to divide the costs of eligible investments between the distributor's ratepayers and all Ontario ratepayers per O.Reg. 330/09. Request for rate protection exceeds the materiality threshold in section 2.0.8 of the Filing Requirements - Appendices 2-FA through 2-FC identifying all eligible investments for recovery	N/A	Exhibit 2, Section 2.6, Eligible Investments for Connecting Qualifying Generation
Service Quality and Reliability Performance			
22	5 historical years of ESQRs, explanation for any under-performance vs standard and actions taken	Yes	Exhibit 2, Section 2.9, Service Quality and Reliability Performance

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22	5 historical years of SAIDI and SAIFI - for all interruptions, all interruptions excluding loss of supply, and all interruptions excluding major events. The applicant should also provide a summary of major events that occurred since last rebasing. For each interruption set out in section 2.1.4.2.5 of the RRR, for the last 5 years, a distributor must report on the following data: name of the Cause of Interruption, number of interruptions that occurred as a result of the Cause of Interruption, Number of Customer Interruptions that occurred as a result of the Cause of Interruption, and the Number of customer-hours of Interruptions that occurred as a result of the Cause of Interruption	Yes	Exhibit 2, Section 2.9, Service Quality and Reliability Performance
22	Explanation for any under-performance vs 5 year average and actions taken	Yes	Exhibit 2, Section 2.9, Service Quality and Reliability Performance
22	Distributors may propose SAIDI and SAIFI benchmarks different than 5 year average; provide rationale	N/A	Exhibit 2, Section 2.9, Service Quality and Reliability Performance
22	Completed Appendix 2-G	Yes	Exhibit 2, Attachment 2-G, Board Appendix 2-G
Ch 5 p6	Where applicable, explanation for section headings other than Chapter 5 headings; cross reference table	N/A	
Ch 5 p7-8	Distribution System Plan Overview - key elements, sources of cost savings, period covered, vintage of information on investment drivers, changes to asset management process since last DSP filing, dependencies	Yes	DSP, Section 5.2.1 Distribution System Plan Overview
Ch 5 p8-9	Coordinated Planning with 3rd parties - description of consultations - deliverables of the Regional Planning Process, or status of deliverables - IESO letter in relation to REG investments (Ch 5 p9) and Dx response letter	Yes	DSP, Section 5.2.2 Coordinated Planning with Third Parties
Ch 5 p9-11	Performance Measurement - identify and define methods and measures used to monitor DSP performance - summary of performance and trends over historical period. Must include SAIFI and SAIDI for all interruptions and all interruptions excluding loss of supply - explain how information has affected DSP	Yes	DSP, Section 5.2.3 Performance Measurement for Continuous Improvement
Ch 5 p11	Realized efficiencies due to smart meters -documented capital and operating efficiencies realized as a result of the deployment and operationalization of smart meters and related technologies. Both qualitative and quantitative descriptions should be provided	Yes	DSP, Section 5.2.4 Realized Efficiencies due to Smart Meters
Ch5 p12	Asset Management Process Overview - description of AM objectives/corporate goals and how Dx ranks objectives for prioritizing investments	Yes	DSP, Section 5.3.1 Asset Management Process Overview
Ch5 p12	Inputs/Outputs of the AM process and information flow for investments; flowchart recommended	Yes	DSP, Section 5.3.1 Asset Management Process Overview
Ch 5 p13	Overview of Assets Managed - description of service area (including evolution of features in forecast period affecting DSP), - description of system configuration - service profile and condition by asset type (tables and/or figures) - date data compiled - assessment of degree the capacity of system assets is utilized	Yes	DSP, Section 5.3.2 Overview of Assets Managed
Ch 5 p13-14	Asset Lifecycle Optimization - description of asset lifecycle optimization policies and practices, including asset replacement and refurbishment, maintenance planning criteria and assumptions - description of asset life cycle risk management policies and practices, assessment methods and approaches to mitigation	Yes	DSP, Section 5.3.3 Asset Lifecycle Optimization Policies and Practices
Ch 5 p14-15	System Capability Assessment for REG - REG applications > 10 kW, number and MW of REG connections for forecast period, capacity of Dx to connect REG, connection constraints	Yes	DSP, Section 5.3.4 System Capability Assessment for Renewable Energy Generation
Ch 5 p15	Capital Expenditure Plan Summary for significant projects and activities to be undertaken - capability to connect new load or Gx customers, total annual capex over forecast period by investment category, description of how AMP and Capex planning have affected capital expenditures for each category - list, description and total capital cost of material capital expenditures sorted by category (table recommended) - information related to Regional Planning Process (Needs Assessment Report, Regional Planning Status Letter, Regional Infrastructure Plan - as appropriate) - description of customer engagement - Dx expectations of system development over next 5 years - list, description and total capital cost of projects planned in response to customer preferences, to take advantage of technology based opportunities, to study innovative processes (table recommended)	Yes	DSP, Section 5.4 Capital Expenditure Plan
Ch 5 p16-17	Capital Expenditure Planning Process Overview - description of capex planning objectives/criteria/ assumptions, relationship with AM objectives, policy on consideration of non-distribution alternatives, processes used to identify projects in each investment category, customer feedback and impact on plan, method and criteria used to priorities REG investments	Yes	DSP, Section 5.4.1 Capital Expenditure Planning Process Overview
Ch 5 p17	Rate-Funded Activities to Defer Distribution Infrastructure -CDM programs that target distributor-specific peak demand reductions to address a local constraint of the distribution system -demand response programs to reduce peak demand in order to defer capital investment -programs to improve the efficiency of the distribution system and reduce distribution losses -energy storage programs whose primary purpose is to defer specific capital spending for the distribution system	Yes	DSP, Section 5.4.1.1 Rate Funded Activities to Defer Distribution Infrastructure

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Ch 5 p18-19	Capital Expenditure Summary by Investment Category - completed Table 2 of Ch 5 for historical and forecast period, explanation of markedly different variances plan vs actual, explanation of markedly different variances year over year Table 2 of Ch 5 is provided in Excel format in Appendix 2-AB (must provide actual totals for historical years, as a minimum) - Must also complete Chapter 2 Appendix 2-AA, along with explanations of variances by project or category, the proposed accounting treatments, a statement should be provided that there are no expenditures for non-distribution activities in the applicant's budget	**Yes**	DSP, Section 5.4.2 Capital Expenditure Summary
Ch 5 p19	Justifying Capital Expenditures -filings must enable OEB to assess whether and how a distributor's DSP delivers value to customers, including by controlling costs in relation to its proposed investments through appropriate optimization, prioritization, and pacing of capital-related expenditures -distributors should also keep pace with technological changes and integrate cost-effective innovative projects and traditional planning needs such as load growth, asset condition and reliability	**Yes**	DSP, Section 5.4.3 Justifying Capital Expenditures
Ch5 p19-20	Overall Plan - comparative expenditures by category over historical period, forecast impact of system investment on O&M, drivers of investments by category, information related to Dx system capability assessment	**Yes**	DSP, Section 5.4.3.1 Overall Plan
Ch 5 p20-27	Material Investments - For each project that meets materiality threshold set in Ch 2 p5 - general information - total capital, customer attachments, dates, risks, variances, REG investments - evaluation criteria - may include: efficiency, customer value, reliability, etc. - category specific requirements for each project - system access, system renewal, system service, general plant (as applicable)	**Yes**	DSP, Section 5.4.3.2 Material Investments
EXHIBIT 3 - OPERATING REVENUE			
Load and Revenue Forecasts			
22	Explanation of causes, assumptions and adjustments for volume forecast. Economic assumptions and data sources for customer and load forecasts	**Yes**	Exhibit 3, Section 3.2.2 Proposed Load Forecast
22	Explanation of weather normalization methodology	**Yes**	Exhibit 3, Section 3.2.2 Proposed Load Forecast
22	Quantification of any impacts arising from the persistence of historical CDM programs as well as the forecasted impacts arising from new programs in the bridge and test years through the current 6-year CDM framework by customer class	**Yes**	Exhibit 3, Section 3.2.4, CDM Adjustment to Load Forecast
23	Completed Appendix 2-IB; the customer and load forecast for the test year must be entered on RRWF, Tab 10	**Yes**	Exhibit 3, Attachment 3-B, Board Appendix 2-IB
23 & 24	Multivariate Regression Model - rationale for choice, regression statistics, explanation of weather normalization methodology, sources of data for endogenous and exogenous variables, any binary variables used to either account for individual data points or to account for seasonal or cyclical trends or for discontinuities in the historical data, explanation of any specific adjustments made; data used in load forecast must be provided in Excel format, including derivation of constructed variables	**Yes**	Exhibit 3, Attachment 3-A, Weather Normalized Distriibution System Load Forecast
24	NAC Model - rationale for choice, data supporting NAC variables, description of accounting for CDM including licence conditions, discussion of weather normalization considerations	**N/A**	
24 & 25	CDM Adjustment - account for CDM in 2019 load forecast. Consider impact of persistence of historical CDM and impact of new programs. Adjustments may be required for IESO reported results which are full year impacts	**Yes**	Exhibit 3, Section 3.2.4, CDM Adjustment to Load Forecast
25	CDM savings for 2019 LRAMVA balance and adjustment to 2019 load forecast; data by customer class and for both kWh and, as applicable, kW. Provide rationale for level of CDM reductions in 2019 load forecast	**Yes**	Exhibit 3, Section 3.2.4, CDM Adjustment to Load Forecast
25	Completed Appendix 2-I	**Yes**	Exhibit 3, Attachment 3-C, Board Appendix 2-I
Accuracy of Load Forecast and Variance Analyses			
25	Completed Appendix 2-IB	**Yes**	Exhibit 3, Attachment 3-B, Board Appendix 2-IB
25	For customer/connection counts - identification as to whether customer/connection count is shown in year end or average format, year-over-year variances in changes of customer/connection counts with explanation of major changes, explanations of bridge and test year forecasts by rate class, for last rebasing variance analysis between last OEB-approved and actuals with explanations for material differences	**Yes**	Exhibit 3, Section 3.2.2, Proposed Load Forecast
25 & 26	For consumption and demand - explanation to support how kWh are converted to kW for applicable demand-billed classes, year-over-year variances in kWh and kW by rate class and for system consumption overall (kWh) with explanations for material changes in the definition of or major changes over time (should be done for both historical actuals against each other and historical weather-normalized actuals over time), explanations of the bridge and test year forecasts by rate class, variance analysis between the last OEB-approved and the actual and weather-normalized actual results	**Yes**	Exhibit 3, Section 3.3, Accuracy of Load Forecast and Variance Analysis
26	For revenues - calculation of bridge year forecast of revenues at existing rates, calculation of test year forecasted revenues at existing and proposed rates, year-over-year variances in revenues comparing historical actuals and bridge and test year forecasts	**Yes**	Exhibit 3, Section 3.3, Accuracy of Load Forecast and Variance Analysis

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26	With respect to average consumption, for each rate class, distributors are to provide weather-actual and weather-normalized average annual consumption or demand per customer as applicable for the rate class for last OEB approved and historical, weather normalized average annual consumption or demand per customer for the bridge and test years, explanation of the net change in average consumption from last OEB-approved and actuals from historical, bridge and test years based on year-over-year variances and any apparent trends in data	Yes	Exhibit 3, Section 3.3, Accuracy of Load Forecast and Variance Analysis
Other Revenue			
26 & 27	Completed Appendix 2-H	Yes	Exhibit 3, Attachment 3-E, Board Appendix 2-H

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27	Variance analysis - year over year, historical, bridge and test	Yes	Exhibit 3, Section 3.4.2, Other Revenue Variance Analysis
27	Any new proposed specific service charges, or proposed changes to rates or application of existing specific service charges	Yes	Exhibit 3, Section 3.4.3, Specific Service Charges
27	Revenue from affiliate transactions, shared services, corporate cost allocation. For each affiliate transaction, identification of the service, the nature of the service provided to affiliate entities, accounts used to record the revenue and associated costs (Appendix 2-N)	Yes	Exhibit 3, Section 3.4.4, Revenues from Affiliate Transactions/Shared Services/Corporate Cost Allocations
28	Distributors must identify any discrete customer groups that may be materially impacted by changes to other rates and charges	N/A	
EXHIBIT 4 - OPERATING COSTS			
Overview			
28 & 29	Brief explanation of test year OM&A levels, cost drivers, significant changes, trends, inflation rate assumed, business environment changes	Yes	Exhibit 4, Section 4.1, Overview; Exhibit 4, Sectioin 4.2, Summary and Cost Driver
Summary and Cost Driver Tables			
29	Summary of recoverable OM&A expenses; Appendix 2-JA	Yes	Exhibit 4, Attachment 4-A, Board Appendix 2-JA
29	Recoverable OM&A cost drivers; Appendix 2-JB	Yes	Exhibit 4, Attachment 4-C, Board Appendix 2-JB
29	OM&A programs table; Appendix 2_JC	Yes	Exhibit 4, Attachment 4-E, Board Appendix 2-JC
29	Recoverable OM&A Cost per customer and per FTE; Appendix 2-L	Yes	Exhibit 4, Attachment 4-D, Board Appendix 2-L
29	Identification of change in OM&A in test year in relation to change in capitalized overhead.	Yes	Exhibit 4, Section 4.2.2, Changes in Test Year OM&A Relative to Capitalized OM&A
29	OM&A variance analysis for test year with respect to bridge and historical years; Appendix 2-D	Yes	Exhibit 4, Attachment 4-B, Board Appendix 2-D
Program Delivery Costs with Variance Analysis			
29 & 30	Completed Appendix 2-JC OM&A Programs Table - completed by program or major functions; include variance analysis limited to variances that are outliers, between test year and last OEB approved and most recent actuals, including an explanation for each significant change whether the change was within or outside the applicant's control and explanation of why	Yes	Exhibit 4, Section 4.3, Program Delivery Costs and Variance Analysis
30	For each significant change within the applicant's control describe business decision that was made to manage the cost increase/decrease and the alternatives	Yes	Exhibit 4, Section 4.3.2, Program Delivery Variance Analysis
Workforce Planning and Employee Compensation			
30	Employee Compensation - completed Appendix 2-K	Yes	Exhibit 4, Attachment 4-G, Board Appendix 2-K
30	Description of previous and proposed workforce plans, including compensation strategy	Yes	Exhibit 4, Section 4.4, Employee Compensation
30	Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Explanation for all years includes: - year over year variances - basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans, - relevant studies (e.g. compensation benchmarking)	Yes	Exhibit 4, Section 4.4.4 FTE and Employee Costs; Section 4.4.5, FTE, Wages & Benefits Variance Analysis
30 & 31	Details of employee benefit programs including pensions for last OEB approved, historical, bridge and test; must agree with tax section	Yes	Exhibit 4, Section 4.4.3, Employee Benefits Programs
31	Most recent actuarial report on employee benefits, pension and OPEBs	Yes	Exhibit 4, Attachment 4-H, Actuarial Report
31	Accounting method for pension and OPEBs; if cash method, sufficient supporting rationale. If proposing to change the basis in which pension and OPEB costs included in OM&A, quantification of impact of transition	Yes	Exhibit 4, Section 4.4.3 Employee Benefits Programs
Shared Services and Corporate Cost Allocation			
31	Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility"	Yes	Exhibit 4, Section 4.5, Shared Service and Corporate Cost Allocation
31 & 32	Allocation methodology for corporate and shared services, list of costs and allocators, including any third party review	Yes	Exhibit 4, Section 4.5.2, Shared Services to Affiliates
32	Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue	Yes	Exhibit 4, Attachment 4-K, Board Appendix 2-N
32	Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and most recent actual	Yes	Exhibit 4, Section 4.5.6 Variance Analysis
32	Identification of any Board of Director costs for affiliates included in LDC costs	Yes	Exhibit 4, Section 4.5.5, Affiliate Board of Director Costs
Non-Affiliate Services, One-Time Costs, Regulatory Costs			
32	Purchased Non-Affiliated Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)	Yes	Exhibit 4, Section 4.6, Purchase of Non Affiliate Services; Attachment 4-P, ENWIN Purchasing Policy
32	For material transactions that are not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the specific methodology used for selecting the vendor	Yes	Exhibit 4, Section 4.6, Purchase of Non Affiliate Services
32 & 33	Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years). If no recovery of one-time costs is being proposed in the test year and subsequent IRM term, an explanation must be provided	Yes	Exhibit 4, Section 4.7, One Time Costs
33	Regulatory costs - breakdown of actual and forecast, supporting information related to CoS application (e.g. legal fees, consultant fees), proposed recovery (i.e. amortized?) Completed Appendix 2-M	Yes	Exhibit 4, Section 4.8, Regulatory Costs; Attachment 4-Q, Board Appendix 2-M

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LEAP, Charitable and Political Donations			
33	LEAP - the greater of 0.12% of forecasted service revenue requirement or $2,000 should be included in OM&A and recovered from all rate classes	**Yes**	Exhibit 4, Section 4.9, Low Income Energy Assistance Program (LEAP)
33	Detailed information for all contributions that are claimed for recovery	**N/A**	
33	Charitable Donations - the applicant must confirm that no political contributions have been included for recovery	**Yes**	Exhibit 4, Section 4.10, Charitable Donations
Depreciation, Amortization and Depletion			
34	Explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinectrics Report	**Yes**	Exhibit 4, Section 4.12.3, Useful Lives and Componentization
34	Depreciation, Amortization and Depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must complete Appendix 2-C which must agree to accumulated depreciation in Appendix 2-BA under rate base	**Yes**	Exhibit 4, Section 4.12, Depreciation, Amortization and Depletion
34	Identification of any Asset Retirement Obligations and associated depreciation, accretion expense	**Yes**	Exhibit 4, Section 4.12.2, Asset Retirement Obligation
34	Identification of historical depreciation practice and proposal for test year. Variances from half year rule must be documented and supporting rationale provided	**Yes**	Exhibit 4, Section 4.12, Depreciation, Amortization and Depletion; Section 4.12.4, Depreciation Expense
34 & 35	Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS	**Yes**	Exhibit 4, Section 4.12, Depreciation, Amortization and Depletion
35	Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately	**Yes**	Exhibit 4, Section 4.12, Depreciation, Amortization and Depletion
35	For any depreciation expense policy or asset service lives changes since its last rebasing application: - identification of the changes and detailed explanation for the causes of the changes, including any changes subsequent to those made by January 1, 2013 -use of Kinectrics study or another study to justify changes in useful life - list detailing all asset service lives tied to USoA, detail differences in TUL from Kinectrics and explain differences outside of minimum and maximum TUL range from Kinectrics; Appendix 2-BB	**Yes**	Exhibit 4, Section 4.12, Depreciation, Amortization and Depletion; Attachment 4-S, Board Appendix 2-BB
PILs and Property Taxes			
36	Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test years	**Yes**	Income Tax/PILs Workform
36	Supporting schedules and calculations identifying reconciling items	**Yes**	Exhibit 4, Section 4.13 PILs and Property Taxes
36	Most recent federal and provincial tax returns	**Yes**	Exhibit 4, Attachment 4-R
36	Financial Statements included with tax returns if different from those filed with application	**N/A**	Exhibit 1, Attachment 1-J ENWIN Utilities Ltd. Non-Consolidated Audited Financial Statements; 2015, 2016, 2017
36	Calculation of Tax Credits; redact where required (filing of unredacted versions is not required)	**N/A**	Exhibit 4, Section 4.13.4 Calculation of Tax Credits
36	Supporting schedules, calculations and explanations for other additions and deductions	**Yes**	Exhibit 4, Section 4.13 PILs and Property Taxes
36	Completion of the integrity checks in the PILs Model	**Yes**	Exhibit 4, Section 4.13.8 Integrity Checks
36	Explanation of how taxes other than income taxes or PILS (e.g. property taxes) are derived	**Yes**	Exhibit 4, Section 4.13.9 Property Taxes

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Non-recoverable and Disallowed Expenses			
36	Exclude from regulatory tax calculation any non-recoverable or disallowed expenses	N/A	Exhibit 4, Section 4.13.5 Non Recoverable and Disallowed Expenses
Conservation and Demand Management			
37, 38 & 39	LRAMVA - disposition of balance. Distributors must provide new LRAMVA Work Form in a working Excel file and provide the following: - statement identifying the year(s) of new lost revenues and prior year savings persistence claimed in the LRAMVA disposition - statement confirming LRAMVA based on verified savings results supported by the distributors final CDM Report and Persistence Savings Report (both filed in Excel format) and a statement indicating use of most recent input assumptions when calculating lost revenue - summary table with principal and carrying charges by rate class and resulting rate riders - statement providing the disposition period; rationale provided for disposing the balance in the LRAMVA if one or more classes do not generate significant rate riders - statement confirming LRAMVA reference amounts, rationale for the distributors circumstances if LRAMVA threshold not used - rationale confirming how rate class allocations for actual CDM savings were determined by class and program (Tab 3-A of LRAMVA Work Form) - statement confirming whether additional documentation was provided in support of projects that were not included in distributors final CDM Annual Report (Tab 8 of LRAMVA Work Form as applicable) - for OEB-approved programs prior to 2014, a submission of a third party report that provides a review and verification of the LRAM calculation including: confirmation of use of correct input assumptions and lost revenue calculations, participation amounts, net and gross impacts of each program (kW and kWh) by class by year, and verification of any carrying charges requested	Yes	Exhibit 4, Section 4.14 Conservation and Demand Management; LRAMVA Workform; Exhibit 9, Section 9.6.3 Proposed Rate Riders
EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE			
Capital Structure			
40	Statement that LDC adopts OEB's guidelines for cost of capital and confirms that updates will be done. Alternatively - utility specific cost of capital with supporting evidence	Yes	Exhibit 5, Section 5.1 Overview
40	Completed Appendix 2-OA for last OEB approved and test year	Yes	Exhibit 5, Section 5.3.6 Weighted Average Cost of Capital
40	Completed Appendix 2-OB for historical, bridge and test years	Yes	Exhibit 5, Appendix 5-D Board Appendix 2-OB
40	Explanation for any changes in capital structure	Yes	Exhibit 5, Section 5.2 Capital Structure
Cost of Capital (Return on Equity and Cost of Debt)			
40	Calculation of cost for each capital component	Yes	Exhibit 5, Section 5.3 Cost of Capital
40	Profit or loss on redemption of debt	N/A	Exhibit 5, Section 5.3.3 Preference Shares
40	Copies of promissory notes or other debt arrangements with affiliates	Yes	Exhibit 5, Attachment 5-A Revolving Credit Promissory Note; November 6, 2012; Attachment 5-B WCU Trust Indenture November 6, 2012; Attachment 5 C EWU/WCU Promissory Note, November 13, 2018
40	Explanation of debt rate for each existing debt instrument	Yes	Exhibit 5, Section 5.3.1 Cost of Debt: Long Term
40	Forecast of new debt in bridge and test year - details including estimate of rate	N/A	
40	If proposing any rate that is different from the OEB guidelines, a justification of the proposed rate(s), including key assumptions	N/A	
41	Notional Debt - difference between actual debt thickness and deemed debt thickness attracts the weighted average cost of actual long-term debt rate (unless 100% equity financed)	Yes	Exhibit 5, Section 5.3.5 Notional Debt
Not-for-Profit Corporations			
41	Not for Profit Corporations - evidence that excess revenue is used to build up operating and capital reserves	N/A	Exhibit 5, Section 5.4 Not for Profit Corporations
41	Detailed calculation for test year revenue requirement based on its Reserve Requirement	N/A	
41	The proposed reserves and rationale for the need to establish each reserve, the time period of building up the reserves, and the procedure and policy of each reserve	N/A	
42	Description of the governance of the not-for-profit corporation	N/A	
42	If there are approved reserves from previous OEB decisions provide the following: -the limits of any capital and/or operating reserves as approved by the OEB, and identifying the decisions establishing these reserve accounts and their limits -the current balances of any established capital and/or operating reserves	N/A	
EXHIBIT 6 - REVENUE DEFICIENCY/SUFFICIENCY			
42	Calculation of delivery-related Revenue Deficiency/Sufficiency (excluding cost of power and associated costs): net utility income, rate base, actual return on rate base, indicated rate of return, requested rate of return, deficiency/sufficiency, gross deficiency/sufficiency. Deficiency/sufficiency must also be net of other costs (e.g. LV costs, RSVAs, smart meter or MIST meter expenditures/revenues and other DVA balances).	Yes	Exhibit 6, Section 6.2, Calculation of Revenue Requirement

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42 & 43	Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers	**Yes**	Exhibit 6, Section 6.3, Cost Drivers on Revenue Deficiency

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43	Impacts of any changes in methodologies to deficiency/sufficiency	**N/A**	
Revenue Requirement Work Form			
43	RRWF - in PDF and Excel. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits	**Yes**	Exhibit 6, Attachment 6-A, Revenue Requirement Work Form
43	If the enhanced RRWF cannot reflect a distributor's proposed rates accurately, the distributor must file its rate generator model	**N/A**	
43	Completed Appendices 2-JA, 2-JB, and 2-JC	**Yes**	Chapter 2 Appendices workbook
EXHIBIT 7 - COST ALLOCATION			
Cost Allocation Study Requirements			
44	Completed cost allocation study using the OEB-approved methodology or a comparable model must be filed reflecting future loads and costs and be supported by appropriate explanations and live Excel spreadsheets. Sheets 11 and 12 of the RRWF must also be completed. Live Excel version of 2017 cost allocation model will be filed (updated load profiles or scaled version of HONI CAIF). Model must be consistent with test year load forecast, changes to customer classes and load profiles.	**Yes**	Exhibit 7, Section 7.3, Cost Allocation Study; Separately filed 2019 Cost Allocation Model version 3.6 in excel format.
44	Explanation provided if a distributor is unable to update its load profiles and confirm that it intends to put plans in place to update its load profiles the next time a cost allocation model is filed	**Yes**	Exhibit 7, Section 7.3.3, Load Profiles
45	Description of weighting factors, and rationale for use of default values (if applicable)	**Yes**	Exhibit 7, Section 7.3.2, Class Revenue Requirements
45	Hard copy of sheets I-6, I-8, O-1 and O-2 (first page)	**Yes**	Exhibit 7, Attachment 7-A, Cost Allocation Model, Tabs I6, I8, O1 and O2
45 & 46	Host Distributor only - evidence of consultation with embedded Dx - statement regarding embedded Dx support for approach to allocation of costs - if embedded Dx is separate class - class in cost allocation study and RRWF, Sheet 11 - if new embedded Dx class - rationale and supporting evidence (cost of serving, load served, asset ownership information, distribution charges); include in cost allocation study and RRWF, Sheet 11 - if embedded Dx billed as GS customer - , include with the GS class in cost allocation model and Appendix 2-P. Provide cost of serving, load served, asset ownership information, distribution charges, appropriateness of rate class. File Appendix 2-Q.	**N/A**	Exhibit 7, Section 7.2.6, Embedded Distributor Class
46	Unmetered Loads (including Street Lighting) - Confirmation of communication with unmetered load customers when proposing changes to the level of the rates and charges or the introduction of new rates and charges	**Yes**	Exhibit 7, Section 7.2.3, Unmetered Loads
46 & 47	microFIT - if the applicant believes that it has unique circumstances which would justify a certain rate, appropriate documentation must be provided	**N/A**	Exhibit 7, Section 7.2.5, MicroFIT
47	Standby Rates - if seeking approval on final basis, provide evidence that affected customers have been advised. If seeking changes to standby charges, provide rationale and evidence that affected customer have been advised.	**N/A**	Exhibit 7, Section 7.2.4, Standby Rates
47	New customer class or eliminated customer class - rationale and restatement of revenue requirement from previous CoS	**Yes**	Exhibit 7, Section 7.2.1 New Customer Class; Section 7.2.2 Elimination of Customer Class
Class Revenue Requirements			

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48	To support a proposal to rebalance rates, the distributor must provide information on the revenue by class that would apply if all rates were changed by a uniform percentage. Ratios must be compared with the ratios that will result from the rates being proposed by the distributor.	Yes	Exhibit 7, Section 7.3.6, Revenue to Cost Ratios
Revenue to Cost Ratios			
48	If R:C ratios outside deadband based on model - distributors must include cost allocation proposal to bring them within the OEB-approved ranges. In making any such adjustments, distributors should address potential mitigation measures if the impact of the adjustments on the rates of any particular class or classes is significant.	Yes	Exhibit 7, Section 7.3.6, Revenue to Cost Ratios
49	If Cost Allocation Model other than OEB model used - exclude LV, exclude DVA such as smart meters	N/A	
EXHIBIT 8 - RATE DESIGN			
50	Monthly fixed charges - 2 decimal places; variable charges - 4 decimal places	Yes	Exhibit 8, Section 8.1.3, Fixed/Variable Proportions
Fixed Variable Proportion			
50	The following is to be provided in relation to the fixed/variable proportion of proposed rates: -Current F/V with supporting info -Proposed F/V proportion with explanation for any changes (billing determinants from proposed load forecast) -Comparison between current and proposed monthly fixed charges with the floor and ceiling as in cost allocation study Analysis must be net of rate adders, funding adders, and rate riders	Yes	Exhibit 8, Section 8.1.3, Fixed/Variable Proportions
Rate Design Policy			
50 & 51	LDCs must propose changes to residential rates consistent with policy to transition to fully fixed monthly distribution service charge.	Yes	Exhibit 8, Section 8.1.2, Rate Design Policy Consultation
51	Proposal follows approach set out in Tab 12 of RRWF	N/A	Exhibit 8, Section 8.1.2, Rate Design Policy Consultation
51	If applicable, distributor with seasonal residential class must propose identical rate design treatment for such a class	N/A	
RTSRs			
51	Retail Transmission Service Rate Work Form - PDF and Excel	Yes	Exhibit 8, Attachment 8-A, Board RTSR Work Form
51	RTSR information must be consistent with working capital allowance calculation	Yes	Exhibit 2, Section 2.3.3 Cost of Power Forecast
Retail Service Charges			
51 & 52	If proposing changes to Retail Service Charges or introduction of new rates and charges - evidence of consultation and notice	Yes	Exhibit 8, Section 8.9, Retail Service Charges
Regulatory Charges			
52	Wholesale Market Service Rate - reflect current approved rate in application or justify otherwise	Yes	Exhibit 8, Section 8.5, Regulatory Charges
Specific Service Charges			
52 & 53	Specific Service Charge description/purpose/reason for new and revised SSC; calculations to support charges	Yes	Exhibit 8, Section 8.8, Specific Service Charges
53	Identification in the Application Summary all proposed changes that will have a material impact on customers, including charges that may affect a discrete group.	Yes	Exhibit 8, Section 8.8, Specific Service Charges
53	Identification of any rates and charges in Conditions of Service that do not appear on tariff sheet. Explain nature of costs, provide schedule outlining revenues or capital contributions 2012-2015, bridge and test years. Whether these charges should be included on tariff sheet	Yes	Exhibit 8, Section 8.8.3, Conditions of Service
53	Ensure revenue from SSCs corresponds with Operating Revenue evidence	Yes	Exhibit 8, Section 8.8.2 Details of Proposed Changes
Wireline Pole Attachment Charge			
53	LDC without a distributor-specific charge will charge the province-wide pole attachment charge of $28.09 from September 1, 2018 to December 31, 2018. This charge will increase to $43.63 effective January 1, 2019.	Yes	Exhibit 8, Section 8.8.1, Overview
54	Record the excess incremental revenue as of September 1, 2018 until the effective date of its rebased rates in a new variance account related to pole attachment charge	Yes	Exhibit 9, Section 9.4.1 Account 1508: Other Regulatory Assets
54 & 55	If an LDC chooses to apply for a custom charge, it must file a completed version of the OEB's Wireline Pole Attachment Work Form, and include the following information as part of their application: statement confirming the proposed distributor-specific wireline pole attachment charge; statement discussing the main cost drivers, including rationale; a table summarizing key inputs in the rate calculation, and a statement confirming the RRR data and pre-tax weighted cost of capital are consistent; confirmation of the total number of poles and joint use poles in the rate calculation, and a table outlining the rate of pole replacements and percentage of poles depreciated over the past 5 years; confirmation of the number of attaches that are specific to the distributor's service territory, a description of the types of poles and discussion of contractual arrangements with other entities that affect the number of attachments, including overlashing attachments; explanation of changes to the power deduction factor, must complete Tab 4-A and explain methodology, LDCs should provide supporting data and analysis, as applicable; explanation of changes to the hybrid equal sharing allocation rate; explanation of changes to the allocation factor of pole maintenance, Table 8 in Tab 4 must be completed; description of activities performed by the distributor to directly accommodate third party attaches, should include discussion of methodology, costs and data sources to calculate each component of direct costs, detailed calculations of total administration and LOP costs, including staff time and labour rates, as applicable	N/A	

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Low Voltage Service Rates			
55	Forecast of LV cost, sum of host distributors charges	**N/A**	Exhibit 8, Section 8.3, Low Voltage Service Rates

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55	Low Voltage Cost (historical, bridge, test), variances and explanations for substantive changes	**N/A**	Exhibit 8, Section 8.3, Low Voltage Service Rates
55	Support for forecast LV, e.g. Hydro One Sub-Transmission charges	**N/A**	Exhibit 8, Section 8.3, Low Voltage Service Rates
55	Allocation of LV cost to customer classes (typically proportional to Tx connection revenue)	**N/A**	Exhibit 8, Section 8.3, Low Voltage Service Rates
55	Proposed LV rates by customer class	**N/A**	Exhibit 8, Section 8.3, Low Voltage Service Rates
Smart Meter Entity Charge			
55	Distributor must follow accounting guidance provided on March 23, 2018	**Yes**	Exhibit 8, Section 8.2, Smart Metering Entity Charge
Loss Factors			
55	Proposed SFLF and Total Loss Factor for test year	**Yes**	Exhibit 8, Section 8.10.2, Calculation of Losses
56	Statement as to whether LDC is embedded including whether fully or partially	**Yes**	Exhibit 8, Section 8.10.1, Overview
56	Study of losses if required by previous decision	**N/A**	Exhibit 8, Section 8.10.1, Overview
56	3-5 years of historical loss factor data - Completed Appendix 2-R	**Yes**	Exhibit 8, Section 8.10.2, Calculation of Losses; Attachment 8-B, OEB Appendix 2-R
56	If proposed loss factor >5%, explanation and action plan to reduce losses going forward	**N/A**	Exhibit 8, Section 8.10.3, Materiality Analysis on Distribution Losses
56	Explanation of SFLF if not standard	**N/A**	Exhibit 8, Section 8.10.2, Calculation of Losses
Tariff of Rates and Charges			
56	Current and proposed Tariff of Rates and Charges filed in the Tariff Schedule/Bill Impacts Model - each change must be explained and supported in the appropriate section of the application	**Yes**	Exhibit 8, Section 8.11, Tariff of Rates and Charges; Attachment 8-C ENWIN's 2019 Approved Tariff Sheets; Attachment 8-D, ENWIN's 2020 Proposed Tariff Sheets
56	Explanation of changes to terms and conditions of service if changes affect application of rates	**Yes**	Exhibit 8, Section 8.8.2, Details of Proposed Changes
Revenue Reconciliation			
56	Calculations of revenue per class under current and proposed rates; reconciliation of rate class revenue and other revenue to total revenue requirement (i.e. breakout volumes, rates and revenues by rate component etc.)	**Yes**	Exhibit 8, Section 8.12, Revenue Reconciliation
56 & 57	Completed RRWF - Sheet 13 - rates and charges entered on this sheet should be rounded to the same decimal places as tariff	**Yes**	Exhibit 8, Section 8.12, Revenue Reconciliation
Bill Impact Information			
57	Completed Tariff Schedule and Bill Impacts Model. Bill impacts must identify existing rates, proposed changes to rates, and detailed bill impacts (including % change in distribution excluding pass through costs - Sub-Total A, % change in distribution - Sub-Total B, % change in delivery - Sub-Total C, and $ change in total bill)	**Yes**	Exhibit 8, Section 8.13, Bill Impacts; Attachment 8-E, Bill Impacts Summary
57	Impact of changes resulting from the as-filed application on representative samples of end-users (i.e. volume, % rate change and revenue). Commodity and regulatory charges held constant	**Yes**	Exhibit 8, Section 8.13, Bill Impacts; Attachment 8-E, Bill Impacts Summary
57	Rates and charges input in the tariff schedule and Bill Impacts Model rounded to the decimal places as shown on the existing tariff	**Yes**	Exhibit 8, Section 8.13, Bill Impacts; Attachment 8-E, Bill Impacts Summary
57	Bill impacts provided for typical customers and consumption levels. Must provide residential 750 kWh, residential at the lowest 10th percentile and GS<50 2,000 kWh. Bill impacts must be provided for a range of consumption levels relevant to the service territory.	**Yes**	Exhibit 8, Section 8.13, Bill Impacts; Attachment 8-E, Bill Impacts Summary
57	If applicable, for certain classes where one or more customers have unique consumption and demand patterns, the distributor must show a typical impact and provide an explanation	**N/A**	
Rate Mitigation			

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58	Evidence showing that the monthly service charge would not rise by more than $4 per year due only to the rate design change, and that the total bill impact, reflecting all proposed changes in the application, will not exceed 10%. If either of these criteria is not met, some form of mitigation may be required (i.e. extending transition period).	N/A	Exhibit 8, Section 8.1.2 Rate Design Policy Consultation
58	Evaluation of bill impact for residential customer at 10th consumption percentile. Describe methodology for determination of 10th consumption percentile. File mitigation plan for whole residential class if impact >10% for these customers.	N/A	Exhibit 8, Section 8.14.2, Residential Customer at 10th Percentile
59	Mitigation plan if total bill increase for any customer class is >10% including: specification of class and magnitude of increase, description of mitigation measures, justification, revised impact calculation. The Tariff Schedule and Bill Impacts Model must reflect any mitigation plan proposed.	N/A	Exhibit 8, Section 8.14.3 Mitigation Plan Approaches
59	Rate Harmonization Plans, if applicable - including impact analysis	N/A	Exhibit 8, Section 8.14.4, Rate Harmonization
EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS			
60	List of all outstanding DVA and sub-accounts; provide description of DVAs that were used differently than as described in the APH	Yes	Exhibit 9, Section 9.1, Overview; Section 9.2, Account Balances
60	Completed DVA continuity schedule for period following last disposition to present - live Excel format	Yes	Exhibit 9, Attachment 9-A, OEB Deferral and Variance Account (Continuity Schedule) Work Form
60	Confirm use of interest rates established by the OEB by month or by quarter for each year	Yes	Exhibit 9, Section 9.2.4, Carrying Charges
60	Explanation if account balances in continuity schedule differs from trial balance in RRR and AFS	Yes	Exhibit 9, Section 9.2.1, Reconciliation of Account Balances
60	Identification of Group 2 accounts that will continue/discontinue going forward, with explanation	Yes	Exhibit 9, Section 9.5.3, Discontinuation of Accounts
60	Statement as to any new accounts, and justification.	Yes	Exhibit 9, Section 9.5.1, New Accounts
60 & 61	Statement whether any adjustments made to DVA balances previously approved by OEB on final basis; explanation, amount of adjustment and supporting documents	Yes	Exhibit 9, Section 9.1, Overview
61	Breakdown of energy sales and cost of power by USoA - as reported in AFS mapped and reconciled to USoA. Provide explanation if making a profit or loss on commodity.	Yes	Exhibit 9, Section 9.2.3, Energy Sales and Cost of Power
61	Statement confirming that IESO GA charge is pro-rated into RPP and non-RPP; provide explanation if not pro-rated.	Yes	Exhibit 9, Section 9.3.8, Account 1589: RSVA - Global Adjustment
Account 1575, IFRS-CGAAP Transitional PP&E Amounts			
61	1575 IFRS-CGAAP PP&E account - Account 1575 and 1576 can't be used interchangeably - breakdown of balance, including explanation for each accounting change; Appendix 2-EA - listing and quantification of drivers - volumetric rate rider to clear 1575; separate rider must be on a fixed basis for the residential class; - rate of return component is to be applied to 1575 but not recorded in 1575 - statement confirming no carrying charges applied to 1575 - explanation for the basis of the proposed disposition period to clear Account 1575 rate rider - show the balance in DVA continuity schedule	Yes	Exhibit 9, Section 9.2.5, Account 1575, IFRS-CGAAP Transitional PP&E Amounts; Section 9.6.2, Proposed Rate Riders
Retail Service Charges			
61 & 62	Retail Service Charges - material balance in 1518 or 1548 - confirm variances are incremental costs of providing retail services; identify drivers for balances - provide schedule identifying all revenues and expenses listed by USoA for 2013, actual/forecast for bridge and test year - state whether Article 490 of APH has been followed; explanation if not followed	Yes	Exhibit 9, Section 9.4.2, Account 1518: RCVA Retail
62	Retail Service Charges - zero balance in 1518 or 1548 - state whether Article 490 of APH has been followed; explanation if not followed	N/A	Exhibit 9, Section 9.4.2, Account 1518: RCVA Retail; Section 9.4.5, Account 1548: RCVA Service
Disposition of Deferral and Variance Accounts			
62	Identify all accounts for which LDC is seeking disposition; identify DVA for which LDC is not proposing disposition and the reasons why	Yes	Exhibit 9, Section 9.2, Account Balances
62	Statement whether DVA balances before forecasted interest match the last AFS; explain any variances	Yes	Exhibit 9, Section 9.2.1, Reconciliation of Account Balances
62	Provide an explanation of variance > 5% between amounts proposed for disposition and amounts reported in RRR for each account.	Yes	Exhibit 9, Section 9.2.2, Explanation of Variances to 2.1.7 RRR Balances
62	Provide explanations if variances are < 5% threshold if the variances in question relate to: (1) matters of principle (i.e. conformance with the APH or prior OEB decisions, and prior period adjustments); and/or, (2) the cumulative effect of immaterial differences over several accounts total to a material difference between what is proposed for disposition in total before forecasted interest and what is recorded in the RRR filings	N/A	Exhibit 9, Section 9.2.1, Reconciliation of Account Balances
62	For any utility specific accounts requested for disposition, supporting evidence showing how balance is derived and relevant accounting order	Yes	Exhibit 9, Section 9.4.1 Account 1508: Other Regulatory Assets

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62	Disposition of residual balances for vintage Account 1595 are only done once - distributors expected to seek disposition of the balance a year after a rate rider's sunset date has expired. No further dispositions of these accounts are generally expected unless justified by the distributor	**Yes**	Exhibit 9, Section 9.3.9, Account 1595(2017): RSVA - Disposition and Recovery of Regulatory Balances
62	Proposed mechanisms for disposition with all relevant calculations: allocation of each account (including rationale), billing determinants for recovery purposes in accordance with Rate Design Policy	**Yes**	Exhibit 9, Section 9.6, Calculation of Rate Riders
62	Rate riders where volumetric rider is $0.0000 for one or more classes not included in the tariff for those classes	**Yes**	Exhibit 9, Section 9.3.4 Account 1580: RSVA Wholesale Market Services
63	Propose rate riders for recovery or refund of balances that are proposed for disposition. The default disposition period is one year; if the applicant is proposing an alternative recovery period must provide explanation.	**Yes**	Exhibit 9, Section 9.6.2, Proposed Rate Riders
63	Establish separate rate riders to recover balances in the RSVA's from Market Participants who must not be allocated the RSVA balances related to charges for which the MP's settle directly with the IESO.	**Yes**	Exhibit 9, Section 9.6.3 Proposed Rate Riders
63 & 64	Proposed disposition of Account 1580 sub-account CBR Class B in accordance with the CBR Accounting Guidance. - embedded distributors who are not charged CBR (therefore no balance in sub-account CBR Class B) must indicate this is the case for them - In the DVA continuity schedule, applicants must indicate whether they serve any Class A customers during the period where Account 1580 CBR Class B sub-account balance accumulated. - Account 1580 sub-account CBR Class A is not to be disposed through rates proceedings but rather follow the OEB's accounting guidance. - The DVA continuity schedule will allocation the portion of Account 1580 sub-account CBR Class B allocated to customers who transitioned between Class A and Class B based on consumption levels	**Yes**	Exhibit 9, Section 9.3.4 Account 1580: RSVA Wholesale Market Services
Global Adjustment			
64	Establishment of a separate rate rider included in the delivery component of the bill that would apply prospectively to Non-RPP Class B customers when clearing balances from the GA Variance Account	**Yes**	Exhibit 9, Section 9.6.1, Billing Determinants Used
65	GA Analysis Workform in live Excel format- complete GA Analysis Workform; explain discrepancies	**Yes**	Exhibit 9, Attachment 9-D, Board GA Analysis Workform
65 & 66	Description of settlement process with IESO or host distributor, specify GA rate used for each rate class, itemize process for providing estimates and describe true-up process, details of method for estimating RPP and non-RPP consumption, treatment of embedded generation/distribution. If distributor uses the actual GA rate to bill non-RPP Class B customers, a proposal must be made to exclude these customer classes from the allocations of the balance of Account 1589 and the calculation of the resulting rate riders	**Yes**	Exhibit 9, Section 9.7, Description of Settlement Process
66	RPP Settlement True-Up - distributors to follow guidance in May 23, 2017 letter pertaining to the period that is being requested for disposition for Accounts 1588 and 1589	**Yes**	Exhibit 9, Section 9.7, Description of Settlement Process
66 & 67	Certification by the CEO, CFO or equivalent that distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of account balances being proposed for disposition	**Yes**	Exhibit 9, Attachment 9-F Exhibit 9 Certification
Establishment of New Deferral and Variance Accounts			
67	New DVA - information provided which addresses that the requested DVA meets the following criteria: causation, materiality, prudence; include draft accounting order.	**N/A**	Exhibit 9, Section 9.5.1, New Accounts
	TOTAL "NO"	**0**	

ATTACHMENT 1 – F

Board Appendix 2-AC; Customer Engagement Activities

File Number:	EB-2019-0032
Exhibit:	06/07/2018
Tab:	
Schedule:	
Page:	
Date:	29/03/2019

Appendix 2-AC
Customer Engagement Activities Summary

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
Online Focus Group with an online workbook and survey available for 6 weeks.		
Four Town Hall Focus Groups for Low-Volume Customers (GS and Residential).		
Two Mid Market General Service workshops for General Service customers over 50 kW (GS > 50kW). Presentation and Q&A outlining DSP, spending decisions and rate implications and “breakout” groups with GS > 50kW customers to identify and collect their preferences and needs.		
Key Account Validation Interviews with four of EnWin's largest accounts were engaged through one-on-one meetings with EnWin staff.		
Call Centre	1. Identified need for protecting personal information 2. Identified need for electronic refund payment method 3. Identified need for timely notification of planned outages and credit process 4. Identified need for low income assistance 5. Identified need for consistent call centre assistance 6. Identified need to simplify phone menu	1. Based upon customer input, EnWin developed the use of account passwords so that customers are not required to validate drivers license or SIN on each call. 2. Provided a PAP option for FIT and MicroFIT customers for monthly refunds to increase ease and timeliness of payments to generation customers. 3. Implemented auto dialer to provide customers with advanced notice of planned outages. The dialer is also used provide advanced notice to customers in jeopardy of credit disconnection. 4. EnWin was a founding corporate sponsor of the "Keep the Heat" program to assist low income account holders prior to the introduction of mandatory donations through the LEAP program 5. Developed standardized CSR scripting to ensure accuracy and consistent delivery of information. Developed CSR training manual and implemented full cross training with Call Centre staff. 6. Made improvements to phone menu for easier navigation and to improve overall customer experience
Print Media	1. Identified need for clarity in rate change information 2. Identified need for newsletters for specific period around TOU introduction	1. Updated bill insert presentation for simplification and clarity 2. Created newsletter series to introduce TOU and specific changes
Digital Media	1. Identified need for more accessible access to information 2. Identified need to assist customers with billing and energy sector literacy 3. Identified need for direct-to-customer news and outage information 4. Identified need for online options to monitor usage	1. Creating a new website that will be easier to navigate, providing access to more information with fewer clicks 2. Website will have three news headlines and multiple banner options for obtaining sector and LDC news and information 3. Launched Twitter and an online Outage Map in 2016 4. Launched EnWinconnect in 2014 with options to understand and monitor energy usage 5. Created and launched YouTube channel
Broadcast Media	1. Identified need for community understanding and awareness of safety during outages, emergencies, etc.	1. Local radio campaign partnership with CKLW and three Blackburn Radio Stations
Town Halls and Public Meetings	1. Identified need to allow customers one-on-one interaction with the company, opportunity to ask questions, etc.	1. Initiated Powerful Partners campaign to develop stronger EnWin presence at community events - City events, Earth Hour, Safety Village, Ward meetings, etc.
Community Participation	1. Identified need for more education on electrical safety; identified target audience as male, aged 35-45 DIY types (potential to reach this group through their children) 2. Identified need to train and retain skilled people available to enter the workforce	1. Continue to participate in the enhanced Safety Village Program in addition to the Public School Education program 2. Collaborated with Entegrus to produce six short safety videos targeting this audience, using humorous graphics to deliver six messages related to identified public electrical safety issues 2. Support & hire co-op students from the St. Clair College Powerline Maintainer Program

Employee Fundraising & Volunteer	1. Identified need to provide support to organizations in Windsor	1. *ENWIN* supports employees to give back to the community through events such as food drives, participation in Dragon Boat for the Cure, United Way, Flush out Cancer, Maryvale Run, etc.
Customer Surveys	1. Identified need for improved transparency	1. Provided executive compensation to Sunshine List 2. Opened up Board meetings to the public 3. Increased contact lists for media releases to include city departments, councillors, employees and influencers in the community (such as online blogs and newsletters)
Home Shows	1. Identified need for regular outreach activities to promote conservation programs and new services 2. Identified need for direct interaction with multiple customer segments who may or may not engage the utility through phone and/or web	1. Targeted events to allow CDM to introduce energy conservation programming and new energy efficient technologies to our customers and discuss the importance/need of energy management, and options available to customer groups 2. Allow interaction with customers about various topics from billing to infrastructure and provide customers with contact information for the various groups within organization 3. Allows interested customers the ability to sign up for programming at the event
Symposiums / Trade Shows (2013 & 2014)	1. Identified need for additional outreach in relation to conservation program promotion/assistance 2. Identified need to introduce energy efficient technologies to our customers to help them see the financial and environmental benefits of conservation	1. Able to collaborate with neighbouring utilities to bring together vendor and customers 2. Customers were able to listen to various presentations on the latest energy efficiency technology and engage with both the vendors (who supply and install said technology/equipment) and the utilities who support the various conservation programs and provide financial incentives towards the upgrades
Large User Forums	1. Identified need/opportunity to keep largest customers informed on energy sector, industry trends, Provincial and EnWin specific initiatives	1. EnWin hosted a Large Electricity Account Forum (LEAF) event in 2013 2. Brought in industry experts to discuss sectoral changes, industry trends, etc.
Electricity Safety and Conservation Program (Elementary Schools)	1. Identified need to teach children about electrical safety and conservation 2. Identified need to instil children with knowledge which they can then practice/promote within their home	1. EnWin in collaboration with Electricity Safety & Conservation developed an Electricity Safety & Conservation program which was administered throughout the GECDSB and the GECCSB
CDM Community Events (ongoing)	1. Identified need/opportunity to interact with customers regarding various topics (conservation, billing, energy literacy, etc.)	1. Offers CDM staff the opportunity to engage customers on various topics related to energy efficiency
CDM Outreach Activities (ongoing)	1. Identified need to promote the Save on Energy suite of Programs funded by the IESO 2. Identified need to promote the importance of Energy Management (customer retention, remain competitive, impact to bottom line, etc.)	1. Save on Energy programs promoted through various channels (phone, print, web, customer meetings, community events, etc.) 2. CDM staff conduct on-site visits with a large number of ICI customers annually
Customer/Vendor Training Sessions	1. Identified need to increase knowledge /understanding of the importance of energy management in operation and energy consuming systems	1. Allows CDM staff to build/maintain relationships with customers/vendors and relate energy management back to conservation programs 2. Customers able to implement skills and knowledge obtained through training

Note: Use "ALT-ENTER" to go to the next line within a cell

General Instructions to MIFRS Appendices
Types of Schedules to File

The purpose of this tab is to provide general instructions. The specific instructions to each appendix are listed in footnotes of each appendix.

The typical applicant is expected to have made capitalization and depreciation policy changes under CGAAP as permitted by the Board on January 1, 2012 or mandated by the Board by January 1, 2013, and adopted IFRS for reporting purposes on January 1, 2015 (transition date January 1, 2014). Some distributors filing for 2018 rates have rebased with these accounting changes reflected in a prior rebasing application. If that is the case, information relating to pre-accounting policy changes is not generally required. The information to be provided by applicants will depend on when the accounting policy changes were made and when they last rebased. In general, applicants should provide the following information in the appendices:

			Reflecting Accounting Policy Changes in Current Application		Reflected Accounting Policy Changes in Prior Application[3]
			Accounting Policy Changes in 2012 and Adopted IFRS in 2015	Accounting Policy Changes in 2013 and Adopted IFRS in 2015	Adopted IFRS in 2015
Information to be filed in 2019 CoS Application	2019	Test	MIFRS	MIFRS	MIFRS
	2018	Bridge	MIFRS	MIFRS	MIFRS
	2017	Historical	MIFRS	MIFRS	MIFRS
	2016	Historical	MIFRS	MIFRS	MIFRS
	2015	Historical	MIFRS and Revised CGAAP[1]	MIFRS and Revised CGAAP[1]	MIFRS and Revised CGAAP[1]
	2014	Historical	Revised CGAAP	CGAAP and Revised CGAAP[2]	N/A
	2013	Historical	CGAAP and Revised CGAAP[2]	N/A	N/A

1) For the transition year (2014), the applicant may file two appendices, one under Revised CGAAP and one under MIFRS, depending on the materiality of impacts. See the specific instructions under each appendix below for further details.

2) For applicants that are reflecting accounting policy changes for the first time in a rebasing application, the applicant must file two appendices in the year that the applicant implemented changes to its capitalization and depreciation policies (2012 or 2013), one before and one after the policy changes.

3) Applicants should provide CGAAP and Revised CGAAP schedules (i.e. as indicated in the first two columns of the above table) to support balances in Account 1576 if the account has yet to be disposed of.

Appendix 2-BA - Fixed Asset Schedule

Applicants are to provide Appendix 2-BA in accordance with the years and corresponding accounting standards noted in the above table to provide a year over year continuity in fixed assets.
For the transition year (2014), the applicant should file two appendices, one under Revised CGAAP and one under MIFRS if the change between Revised CGAAP and MIFRS is material. If the change from the accounting standards is not material, the applicant may choose to only provide one appendix under MIFRS. However, the applicant must also indicate the fixed asset net book value balance under Revised CGAAP, the total dollar value of the change and explain why it is not material.

The applicant must establish the continuity of historic cost for gross assets and accumulated depreciation by asset class by ensuring that the opening balance in the year agrees to the closing balance in the prior year.

Appendix 2-Cx - Depreciation and Amortization

Applicants are to provide Appendix 2-C in accordance with the years and corresponding accounting standards listed in the above table.
Appendix 2-C is to be used under all three of the scenarios presented in the table above. In the appendix, the applicant will need to indicate which scenario applies. The appendix is to be duplicated for each year and accounting standard required under the scenario.
Depreciation accounting policy changes were mandated by the Board by January 1, 2013. In general, no further changes to an applicant's depreciation policy (i.e. assets' service lives) are expected after the Board mandated changes by January 1, 2013.   If the applicant has made any changes to its depreciation policy subsequent to the Board mandated changes, for the year of the change, applicants must complete Appendix 2-C before and after the change. Applicants must also explain the nature of the change, the reason for the change, quantify the impact of the change, and quantify the depreciation expense before and after the change.

Appendix 2-E - Account 1575, IFRS-CGAAP Transitional PP&E Amounts (2-EA), Account 1576, Accounting Changes Under CGAAP (2-EB, 2-EC) **CONTACT OEB STAFF IF TAB REQUIRED**

1) For an applicant that has a balance in Account 1576 to dispose:
- If an applicant changed capitalization and depreciation policies effective January 1, 2012, the applicant must complete Appendix 2-EB
- If an applicant changed capitalization and depreciation policies effective January 1, 2013, the applicant must complete Appendix 2-EC

2) For an applicant that has a balance in Account 1575 to dispose:
- The applicant must complete 2-EA

If the applicant did not make any further PP&E accounting policy changes beyond the capitalization and depreciation policy changes as mandated by the Board by January 1, 2013 (i.e. no further changes made on transition to IFRS), the applicant must indicate this and does not need to complete Appendix 2-EA.

Appendix 2-Y - Summary of Impacts to Revenue Requirement from Transition to MIFRS **CONTACT OEB STAFF IF TAB REQUIRED**

An applicant must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g. rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicant must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application, then a comparison between MIFRS and CGAAP before the change in accounting policies should be completed. If the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application, then a comparison between MIFRS and CGAAP after the change in accounting policies should be completed.

ATTACHMENT 1 – G

2018 ENWIN Utilities Ltd. Customer Satisfaction Survey

EnWin Utilities

2018 Electric Utility Customer Satisfaction Survey

20 YEARS ANNIVERSARY

UtilityPULSE

Summary

The purpose of this report is to profile the connection between EnWin Utilities and its customers.

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information to support discussions about improving customer care at every level in your utility.

The UtilityPULSE Report Card® and survey analysis contained in this report is intended to capture the state of mind or perceptions about your customers' need and wants – the information contained in this report will help guide your discussions for making meaningful improvements.

This survey report is privileged and confidential material, and no part may be used outside of EnWin Utilities without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

All comments and questions should be addressed to:

Sid Ridgley, UtilityPULSE division, Simul Corporation

Toll free: 1-888-291-7892 or Local: 905-895-7900

Email: **sridgley@simulcorp.com**

Feedback, Information & Insights

Eighteen months ago, customers were very angry about the quickly increasing costs of electricity over the previous 5 or more years. In fact, some years were double-digit increases while wages and inflation hovered around the 2% mark. We know this because the number of survey respondents in the Ontario benchmark survey who said they ‘sometimes worry about paying their bill’ grew from 21% to 31% and the number of At Risk customers grew from 11% to 17%.

Data from the EnWin Utilities and Ontario benchmark surveys show the level of “anger” has dramatically reduced. Whether changes in perception were created by the Liberal Government’s Spring 2016 reduction by 25% in electricity prices, or the change to a Conservative government June 2018, or the promise of further reductions in electricity prices, or improvements in the economy, or improvements that LDCs have made in managing outages while improving customers service, or all of the above - a major shift towards a more positive view has taken place. Customers who have a positive view of their LDC and the industry exhibit less resistance to change.

For EnWin Utilities in the Fall 2018 survey 28% of respondents and 21% of the Ontario benchmark respondents said they ‘sometimes worry about paying their bill.’ Also, the At Risk customer respondent levels were 9% for EnWin Utilities and 13% for the Ontario benchmark. To be clear, customers are still concerned about the costs of electricity as shown by very low scores in the attribute “The cost of electricity is reasonable when compared to other utilities such as gas, cable or telephone.”

Your survey was conducted from September 17 - October 19, 2018, and is based on 401 one-on-one telephone interviews with residential and small commercial customers who pay or look after the electricity bill. Also, survey findings for EnWin Utilities are enhanced with the inclusion of data from our UtilityPULSE database and the independently produced Ontario and National Benchmarks.

Helping the LDC generate higher levels of customer satisfaction, or maintaining their current high level, will be based on doing the core job as promised by being professional, efficient and cost-effective. But expectations continue to change. For Fall 2018, three key observations emerge from examining the trends in data from the UtilityPULSE database. They are: customers want to know they have been heard, they have reasonable access to services, and, their LDC is pro-actively communicating – especially during emergency situations.

Base: total respondents:
Top 2 Boxes: "Strongly agree + agree"

The Core Responsibilities

EnWin Utilities survey respondents agree strongly + agree somewhat (Top 2 boxes), their LDC: Provides consistent, reliable electricity 92%, Quickly handles outages and restores power 91%, Accurate billing 86% and Makes electricity safety a top priority for employees, contractors, and the public 91%.

Issues: Billing and Blackouts, the "Killer B's"

In a world, which is becoming more complex, and where people are time-pressed, outage and billing issues are likely to motivate customers to contact their LDC.

Problems: Blackouts

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	EnWin Utilities	**National**	**Ontario**
2018	39%	39%	44%

Base: total respondents

Problems: Billing issues

Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	EnWin Utilities	**National**	**Ontario**
2018	12%	9%	9%

Base: total respondents

While it is true, EnWin Utilities receives very good operational scores, it also has a responsibility to professionally and quickly deal with issues customers contact them about. In a complex electricity industry world, this puts additional strain on the skills and competencies of everyone who interacts with customers.

Customer Service

Satisfaction with Customer Service			
Top 2 Boxes: 'very + fairly satisfied'	**EnWin Utilities**	**National**	**Ontario**
The time it took to contact someone	82%	66%	64%
The time it took someone to deal with your problem	77%	72%	65%
The helpfulness of the staff who dealt with you	84%	70%	64%
The knowledge of the staff who dealt with you	82%	70%	64%
The level of courtesy of the staff who dealt with you	82%	78%	70%
The quality of information provided by the staff who dealt with you	80%	73%	61%

Base: total respondents who contacted the utility

Traditionally LDCs handle inbound, or customer initiated communications when there are issues. However, more and more customers have an expectation their LDC will also be proficient with outbound communications regarding the important issues.

Communication Score – New for 2018

The pressure to communicate via multiple communication platforms continues to increase. There is also an expectation the utility will, from an outbound perspective, contact the customer via their preferred channel.

Communication Score		
	Ontario LDCs	**EnWin Utilities**
Communication Score	79%	77%

Base: An aggregate of respondents from 2018 participating LDCs / total respondents from the local utility

Communication channels preferred by customers to receive notice about Billing Issue

Most, if not all, of our LDC clients, expect that customers will utilize the electronic channels for getting information or dealing with issues. By doing so, costs for the LDC should decrease. However, in a world where customers expect some outbound contact, they expect their LDC to use those channels to communicate directly with them. Therefore, when problems do occur, and the LDC must initiate contact with their customer, it would be beneficial to the process if customers were contacted via channels they most prefer.

EnWin Utilities' customers’ preferred or primary method for EnWin Utilities to contact them about billing issues are as follows:

Preferred method of communication to receive notice of a billing issue

	Ontario LDCs	EnWin Utilities
Telephone	56%	64%
Voice Mail	2%	2%
Text	7%	8%
Email	34%	24%
Don’t know	1%	1%

Base: An aggregate of respondents from 2018 participating LDCs / total respondents from the local utility

Communication during Unplanned Outages

In times of emergency, be they extreme weather events or major equipment failures that cause blackouts and unplanned outages, customer communication can help customers understand what to expect next and when

disrupted electricity service might be restored. Early and effective communication helps increase confidence in and credibility of the electricity service provider.

Method of communication Customers prefer their LDC uses during an UNPLANNED OUTAGE							
Recorded Telephone Message	**Email Notice**	**Posted on the Website**	**Social Media**	**Local Radio**	**Local TV**	**Text Message**	**Alert on APP**
43%	12%	2%	3%	4%	4%	24%	2%

Base: total respondents

Communication about general news or changes in the industry

Method of communication Customers prefer their LDC uses about general news		
	Ontario LDCs	**EnWin Utilities**
Recorded telephone message	22%	29%
Email notice	40%	29%
Posted on the utility's website	7%	3%
Social media	6%	6%
Local radio	5%	7%
Local TV	5%	6%
Text message	9%	13%
Alert on APP	2%	1%

Base: An aggregate of respondents from 2018 participating LDCs / total respondents from the local utility

Notice the difference in the preferred channel based on subject matter. EnWin Utilities shouldn't, for example, assume a customer who prefers email for a billing issue will want an email for outage issues. These added variables add complexity to capturing and then using each customers' preferences. Getting the most out of your CRM system is becoming increasingly important.

Providing communication channels that are effective and meet customers' needs is key to improving the customer experience. To do this, EnWin Utilities must understand how customers communicate with you, and how they would like EnWin Utilities to communicate with them in the future. Knowing this will allow EnWin Utilities to: allocate resources where they are most needed; tailor services to meet customers' needs; and, identify where improvements can be made.

Customers were asked about their level of satisfaction with the information provided by EnWin Utilities on the following:

Satisfaction with information provided

Top 2 Boxes: 'very + fairly satisfied'	Ontario LDCs	EnWin Utilities
The amount of information available to you about energy conservation	82%	79%
The quality of information available when outages occur	73%	67%
The electricity safety education provided to the public	74%	74%
The timeliness and relevance of information for things such as planned outages, construction activity, tree trimming.	78%	73%

Base: An aggregate of respondents from 2018 participating LDCs / total respondents from the local utility

Based on customer responses, EnWin Utilities has achieved a score of 77% for Communications while Ontario LDCs rated 79%.

The Convenience of Services Score – New for 2018

Rising customer expectations and demands means customers expect to be able to contact you 24 hours a day, seven days a week using various communication avenues, i.e. Telephone, your website and/or even social media. Customers expect flexible and more personalized services. Providing customers with clear, easy to access services and information which is easy to understand has a significant impact on the customer experience.

Access to services

Top 2 Boxes: 'very + somewhat satisfied'	Ontario LDCs	EnWin Utilities
The availability of call-centre staff Monday to Friday	76%	77%
The 24/7 availability of system operators to respond to outages	77%	80%
The online self-serve options for managing your account	63%	61%
The online self-serve options for request services	56%	58%

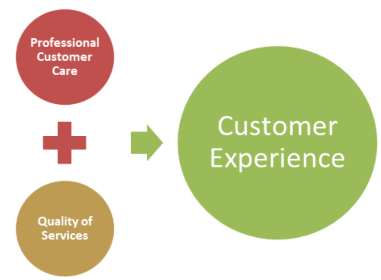
Base: An aggregate of respondents from 2018 participating LDCs / total respondents from the local utility |
Hours: Ontario LDCs 8:30 am to 4:30 pm, EnWin Utilities 8:00 am to 5:00 pm

Based on customer responses, EnWin Utilities has rated 79% for Convenience of Services while Ontario LDCs rated 79%.

Credibility & Trust Index

As society becomes more complicated and complex, the opportunities for failure increase. A key to healthy relationships with customers is to be trusted, trustworthy and credible. EnWin Utilities Credibility & Trust score is 85% while the Ontario benchmark is 81% and the National benchmark is 82%.

Customer Experience Performance rating (CEPr)



Do customers believe they will have a good experience if/when they do contact their LDC? Or do they believe they must prepare for ‘war’? Of course, subject matter and customer affinity levels play a role in determining how a customer might prepare for interaction with a professional at EnWin Utilities.

Customer Experience Performance rating (CEPr)

	EnWin Utilities	National	Ontario
CEPr: all respondents	86%	84%	83%

Base: total respondents

Ensuring that the customer experience is a good one, requires high quality services and well-trained people. Survey respondents gave EnWin Utilities excellent operational and representative scores.

Operational Attributes			
	EnWin Utilities	National	Ontario
Provides consistent, reliable energy	92%	89%	90%
Quickly handles outages and restores power	91%	87%	86%
Accurate billing	86%	86%	87%

Base: total respondents with an opinion

Representative Attributes			
	EnWin Utilities	National	Ontario
Deals professionally with customers' problems	85%	83%	82%
Is 'easy to do business with'	84%	82%	82%
Customer-focused and treats customers as if they're valued	83%	80%	79%

Base: total respondents with an opinion

Customer Centric Engagement Index

The term "customer engagement" is used by many but understood by few. The purpose of customer engagement is to have two-way interactions which build understanding between the stakeholders and stronger professional business-like relationships. Customers who are highly engaged are more inclined to look past costs and money issues and be more supportive of what the LDC wants to do or accomplish.

As we have stated in previous reports: Customer Engagement is about how customers think, feel and act towards the organization. Ensuring customers respond positively requires they be rationally satisfied with the services provided AND emotionally connected to the LDC and its brand.

Utility Customer Centric Engagement Index (CCEI)			
	EnWin Utilities	**National**	**Ontario**
CCEI	84%	81%	80%

Base: total respondents

Customer Satisfaction

By itself, this metric is not good enough to gain a picture of how well an LDC is doing but it is a measure about whether the LDC is "doing the job" as expected. However, without satisfaction, there is no gateway to loyalty.

SATISFACTION SCORES – Electricity customers' satisfaction			
Top 2 Boxes: 'very + fairly satisfied'	**EnWin Utilities**	**National**	**Ontario**
PRE: Initial Satisfaction Scores	89%	91%	91%
POST: End of Interview	88%	91%	89%

Base: total respondents

The real prize is in the development of a relationship with customers. More good things exist when a customer has a high affinity for the LDC than when they dislike it. At Risk customers are more likely to complain than other customers when there are issues. Secure customers are more likely to support the direction of their LDC.

Loyalty Groups

Customer Loyalty Groups				
EnWin Utilities	**Secure**	**Favorable**	**Indifferent**	**At Risk**
2018	26%	18%	46%	9%

Base: total respondents

In the monopoly world of the LDC, loyalty is an attitudinal metric. In private industry, it is a behavioural metric.

Customer Commitment

Electricity customers' loyalty – … Is a company that you would like to continue to do business with			
	EnWin Utilities	**National**	**Ontario**
Top 2 Boxes: 'Definitely + Probably' would continue	82%	80%	78%

Base: total respondents

Customer Advocacy

Electricity customers' loyalty – … is a company that you would recommend to a friend or colleague			
	EnWin Utilities	**National**	**Ontario**
Top 2 boxes: 'Definitely + Probably' would recommend	74%	76%	70%

Base: total respondents

UtilityPULSE Report Card®

The purpose of the UtilityPULSE Report Card is to provide electric utilities with a snapshot of performance – on the things customers deem to be important.

EnWin Utilities' UtilityPULSE Report Card®

Performance

	CATEGORY	EnWin Utilities	National	Ontario
1	**Customer Care**	**B+**	**B+**	**B+**
	Price and Value	B	B	B
	Customer Service	A	A	B+
2	**Company Image**	**A**	**B+**	**B+**
	Company Leadership	A	B+	B+
	Corporate Stewardship	A	A	B+
3	**Management Operations**	**A**	**A**	**A**
	Operational Effectiveness	A	A	A
	Power Quality and Reliability	A+	A	A
	OVERALL	**A**	**A**	**B+**

Base: total respondents

Looking to the future, where to from here?

Technological advances, social disruptions, and other issues will continue for everyone in the LDC industry. Fixing the ills of yesterday are not possible, but instilling confidence that the LDC can handle future customer needs & wants strengthens the customer-supplier relationship. By engaging stakeholders and obtaining their input in undertaking a priority planning process helps to build "prepared minds"—that is, to make sure that the LDC decision makers have a solid understanding of customer priorities, and what the business might need to change or make investments in.

High priority items based on information taken from our UtilityPULSE database include: ‘Pro-actively maintaining and upgrading equipment,’ ‘Reducing response times to outages,’ and ‘Investing more in the electricity grid to reduce outages and to increase reliability and safety.

The high scoring attributes demonstrate EnWin Utilities' operational effectiveness, while the low scoring attributes point to a need for more marketing communications and/or PR types of activities.

Highest scoring attributes

High scoring attributes			
Top 2 Boxes: ‘Strongly + Somewhat agree’	**EnWin Utilities**	**National**	**Ontario**
Provides consistent, reliable electricity	92%	89%	90%
Makes electricity safety a top priority for employees and contractors	91%	87%	86%
Quickly handles outages and restores power	91%	87%	86%
Has a standard of reliability that meets expectations	91%	88%	88%

Base: total respondents with an opinion

Lowest scoring attributes

Low scoring attributes			
Top 2 Boxes: 'Strongly + Somewhat agree'	**EnWin Utilities**	**National**	**Ontario**
Spends money prudently	79%	73%	66%
Operates a cost-effective electricity system	66%	70%	71%
Provides good value for your money	69%	72%	71%
Cost of electricity is reasonable when compared to other utilities	51%	66%	61%

Base: total respondents with an opinion

Paying for electricity

Fall 2018 data shows dramatic changes in customers' ability to pay. Whether the change is due to price reductions, or anticipated price reductions, or a better economy, is unclear. Ability to pay is highly correlated to satisfaction. The number one billing problem, for 20 years, is "the amount is too high."

Is paying for electricity a worry or a major problem?				
	Not a worry	**Sometimes**	**Often**	**Depends**
EnWin Utilities	58%	28%	11%	1%
National	71%	18%	7%	0%
Ontario	68%	21%	8%	1%

Base: total respondents

Numbers at a Glance

	EnWin Utilities	National	Ontario
Customer Satisfaction: Initial	89%	91%	91%
Customer Satisfaction: Post	88%	91%	89%
Communication Score	77%	--	79%
Overall Satisfaction with the most recent experience	73%	78%	77%
Convenience of Services Score	79%	--	79%
Customer Experience Performance Rating (CEPr)	86%	84%	83%
Customer Centric Engagement Index (CCEI)	84%	81%	80%
Credibility & Trust Index	85%	82%	81%
UtilityPulse Report Card©	A	A	B+

Over the past 5-6 years LDCs have witnessed their customers move from being concerned about costs, to worried about cost, to being upset about costs and being angry about costs – and now returning to what we believe is a concern about costs. From a human nature point-of-view, when people are angry, they tend to look back in time to find someone or something to blame for their predicament. Now that customers have returned to being concerned, they are more apt to be looking forward while putting more focus on identifying and determining how they might handle future issues. The data from our Fall 2018 interviews with over 9,000+ customers shows there is support for making pro-active investments in reliability, outage restoration, outage management, and communications.

We believe, for many in society, from 2008 to mid-2017 survival was the key goal less so in 2018. The outlook for the economy is better; wages are improving and, job openings are more plentiful – therefore putting more focus on the future.

The good news is EnWin Utilities remains what we call an influential brand company. The safe, reliable distribution of electricity to homes and businesses is a job which makes life better, more interesting and meaningful for consumers and customers. As a company which affects the daily life of people and businesses – an influential brand – it must consistently demonstrate that it is credible, trusted, future-oriented, cares about customers, cares about safety, cares about the environment, is professional, has high standards and is a valued corporate citizen.

The industry is far more complex today than it was 20 years ago when we conducted the 1st Annual Customer Satisfaction survey for electric utilities. Data shows that being customer-centric is important for ensuring future success of the LDC. Customers want respect.

We recommend leveraging the results from your 2018 customer satisfaction survey by having meaningful conversations with everyone about your customers' – satisfaction, concerns, wants, etc. LDCs with a constructive employee culture with high levels of employee engagement and empowerment will have an easier time defining a future path forward.

Sid Ridgley

Simul/UtilityPULSE
Email: sridgley@simulcorp.com

November 2018

Good things happen when workplaces work. You'll receive both strategic and pragmatic guidance about how to improve Customer satisfaction & Employee engagement with leaders who lead and a front-line which is inspired. We provide training, consulting, surveys, diagnostic tools, and keynotes. The electric utility industry is a market segment we specialize in. Both large and small utilities have received actionable insights. For 20 years we have been talking to 1000's of utility customers in Ontario and across Canada and we have expertise which is beneficial to every utility.

Culture, Leadership & Performance – Organizational Development	**Focus Groups, Surveys, Polls, Diagnostics**	**Customer Service Excellence**
Leadership development	Diagnostics ie. Change Readiness, Leadership Effectiveness, Managerial Competencies	Service Excellence Leadership
Strategic Planning	Surveys & Polls	Telephone Skills
Teambuilding	Customer Satisfaction and Loyalty Benchmarking Surveys	Customer Care
Organizational Culture Transformation	Organization Culture Surveys	Dealing with Difficult Customers

Benefit from our expertise in Customer Satisfaction, Leadership development, Strategy development or review, and Front-line & Top-line driven-change. We're experts in helping you assess and then transform your organization's culture to one where achieving goals while creating higher levels of customer satisfaction is important. Anyone can present data, or design programs – we believe having an understanding of the industry before doing so is crucial. Call us when creating an organization where more employees satisfy more customers more often, is important.

Your personal contact is:

Sid Ridgley, CSP

Phone: (905) 895-7900 x 29 E-mail: sridgley@simulcorp.com

ATTACHMENT 1 –H

2017 ENWIN Utilities Ltd. Scorecard

Scorecard - EnWin Utilities Ltd.

9/16/2018

Performance Outcomes	Performance Categories	Measures		2013	2014	2015	2016	2017	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	**Service Quality**	New Residential/Small Business Services Connected on Time		99.70%	100.00%	99.10%	100.00%	100.00%		90.00%	
		Scheduled Appointments Met On Time		100.00%	100.00%	100.00%	100.00%	99.76%		90.00%	
		Telephone Calls Answered On Time		82.20%	86.80%	75.50%	70.70%	78.21%		65.00%	
	Customer Satisfaction	First Contact Resolution			97.93%	98.17%	97.93%	98.04 %			
		Billing Accuracy			99.86%	99.98%	99.99%	99.99%		98.00%	
		Customer Satisfaction Survey Results			Good	Good	GOOD	Good			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	**Safety**	Level of Public Awareness				83.00%	83.00%	82.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	1	2			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.898	1.792			0.245
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.80	0.81	1.06	0.64	0.72			1.17
		Average Number of Times that Power to a Customer is Interrupted [2]		2.06	1.85	1.88	1.47	1.70			2.03
	Asset Management	Distribution System Plan Implementation Progress			-16%	96%	83%	81 %			
	Cost Control	Efficiency Assessment		4	4	4	4	3			
		Total Cost per Customer [3]		$652	$683	$699	$707	$707			
		Total Cost per Km of Line [3]		$48,500	$51,189	$54,728	$55,668	$13,094			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	**Conservation & Demand Management**	Net Cumulative Energy Savings [4]				9.79%	30.97%	53.52%			151.30 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		50.00%	100.00%	100.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	100.00%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	**Financial Ratios**	Liquidity: Current Ratio (Current Assets/Current Liabilities)		1.18	1.27	1.44	1.60	1.83			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.58	0.56	0.50	0.39	0.43			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.01%	8.01%	8.01%			
			Achieved	13.04%	9.62%	6.88%	5.92%	2.50%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
4. The CDM measure is based on the new 2015-2020 Conservation First Framework.

Legend:
5-year trend: up, down, flat
Current year: target met, target not met

2017 Scorecard Management Discussion and Analysis (“2017 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2017 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

ENWIN’s 2017 scorecard results are very positive. ENWIN scored at or above industry targets (where such industry targets are established) in the performance categories of Service Quality, Customer Satisfaction, System Reliability and Connection of Renewable Generation.

ENWIN has always maintained a strong focus on the safety and reliability of the electricity we supply to customers. With an economy that relies heavily on manufacturing, ENWIN’s focus on providing a high level of reliability for its customers drives our capital and maintenance spending profiles.

No distribution system can deliver 100% reliable electrical service. From time to time, customers will experience an electrical service interruption. Electrical distribution systems are outdoors and subject to sun, wind, rain, lightning, ice, falling tree branches, vehicle accidents, animal contact, excavations (on underground lines) and natural aging. Generally, the more difficult the environment, the more difficult it is to maintain reliable electrical service. The Windsor region has the highest frequency and intensity of thunderstorms in all of Canada, and ENWIN’s service territory experiences the highest average number of days with lightning in Canada. As well, climate change has resulted in more frequent and more severe storms, as evidenced in the last few years by three tornados in Windsor and Essex County. A higher degree of reliability in any electrical distribution system results in higher costs. ENWIN, like all electricity distributors, faces a balancing act between keeping costs as low as possible and keeping reliability at acceptable levels.

For most customers, the key test of system reliability is “**Do the lights stay on?**” ENWIN tries to minimize both the number of outages that customers experience and the length of time the power is out. ENWIN’s OEB calculated target 5-year average number of hours that power is interrupted is 1.17 hours per year, and number of times that power is interrupted is 2.03 times per year.

ENWIN continues to focus on providing quality customer service, controlling costs and increasing efficiencies in order to deliver reliable power to customers at affordable rates.

Service Quality

- **New Residential/Small Business Services Connected on Time**
  In 2017, ENWIN connected 100% of its 698 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Ontario Energy Board (OEB). This result is well above the OEB-mandated threshold of 90%. ENWIN's successful result in this measure was achieved by performing daily checks for ESA Authorization, providing instant notification to our Metering department when connections are ready, and by having a quick dispatch process for meter installers. ENWIN's commitment to achieving this requirement also includes pulling crews from other projects when the 5 days window cannot be met by the regular service crews.

- **Scheduled Appointments Met On Time**
  When an appointment is either requested by a customer with ENWIN or requested by ENWIN with a customer, ENWIN must schedule the appointment during regular hours of operation, within a 4-hour time window, and an ENWIN representative must arrive for the appointment within the scheduled timeframe. In 2017, ENWIN met its appointment targets for 3,339 appointments scheduled for an overall result of 99.76% of appointments met on time. This result exceeds the OEB industry target for this measure of 90% of appointments met.

- **Telephone Calls Answered On Time**
  ENWIN answered 78.21% of calls offered within 30 seconds or less. This percentage increased in 2017 compared to 2016 due primarily to a decrease in call volume. The average ratio of calls received decreased from 7,520 calls per CSR in 2016 to 6,640 calls per CSR throughout 2017. The majority of calls logged continue to be related to credit inquiries, moving notifications, and hydro billing inquiries. ENWIN has once again exceeded the OEB mandated target of 65% and continues to work hard to answer calls while not increasing staff complement.

Customer Satisfaction

- **First Contact Resolution**
  ENWIN successfully resolved 98.04% of calls during the customer's initial contact. ENWIN strives to serve customers in a friendly and professional manner within the first call. We use call monitoring tools to record and archive every call to allow us to evaluate our staff's call handling. Any anomalies or customer escalations are reviewed when warranted. All customer interactions are logged in our CIS System, including any escalations.

- **Billing Accuracy**
  ENWIN's billing accuracy is 99.99% which exceeds the OEB-mandated 98% industry target. In 2017, ENWIN produced 1,060,341 bills to its customers. ENWIN routinely reviews its billing processes for compliance and continuous improvement opportunities. In addition, ENWIN continues to offer customers an easy, convenient and environmentally friendly means to securely access and manage their usage data on-line on a daily, weekly or monthly basis through its "ENWIN Connect" web portal.

- **Customer Satisfaction Survey Results**
  ENWIN has engaged a third party to conduct customer satisfaction surveys. ENWIN achieved a "Customer Experience Performance Rating" (CEPr) of 84% in 2017, which is above the National average of 83% and the Ontario average of 81% based on others surveyed by UtilityPulse. Factors that are considered as part of the overall customer experience include delivery of accessible and consistent customer service, understanding customer expectations, providing timely issue resolution, providing effective communication(s) according to customer needs, demonstrating responsiveness, conducting problem analysis to prevent recurring issues, ease of engagement on issues, seeking customer feedback and following through on recommendations. The CEPr is only one element of the customer survey. The survey also gathers information on engagement, operational effectiveness and service quality through the eyes of the customer. ENWIN reviews all of the data gathered in the survey to help drive decision making and to continuously improve ENWIN's customer experience. In 2017, information gathered on the importance of various online features to our customers has helped us identify the need to upgrade ENWIN's online customer portal in 2018.

Safety

- **Public Safety**

  - **Component A – Public Awareness of Electrical Safety**
    ENWIN engaged a third party to conduct a survey of customer perception and overall electrical safety awareness in 2018 and achieved an overall score of 82%. In addition, ENWIN maintained its previous levels of Public Service Announcements (PSA) broadcasting and participation in the local Children's Safety Village programs. ENWIN will continue to support and provide education and training to our community on electrical safety through these initiatives.

  - **Component B – Compliance with Ontario Regulation 22/04**
    ENWIN remains fully compliant with all sections of Ontario Regulation 22/04 (Electrical Distribution Safety). This continued achievement is reflective of ENWIN's strong commitment to safety, adherence to company procedures, policies and the elements of the regulation itself. Ontario Regulation 22/04 establishes objective-based electrical safety requirements for design, construction and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications and the inspection of construction before it is put into service. The Electrical Safety Authority (ESA) performs Due Diligence Inspections (DDI) throughout the year to ensure utilities remain compliant with the objectives set out in Ontario Regulation 22/04. Both independent and Electrical Safety Authority (ESA) compliance audits yielded only a few opportunities for improvement which have all subsequently been addressed.

    In summary, ENWIN has successfully completed its 2017 ESA audit cycle, obtaining full compliance with Regulation 22/04, with no 'non-compliance' or 'needs improvement' identified.

- **Component C – Serious Electrical Incident Index**
  ENWIN experienced and reported 2 (two) Serious Electrical Incidents, as defined in Ontario Regulation 22/04, for the time frame used for this measure (January 01, 2016 to December 31, 2016). Fortunately, there were no injuries to people as a result of these incidents. These incidents qualify as serious electrical incidents because there was potential for injury, regardless that there were no personal injuries. The calculated rate of incidents per 1000km of line is 1.792 for this period. In an ongoing effort to prevent incidents, ENWIN continues its aggressive public safety messages through radio, television and online advertising, bill inserts, brochures, banners, media releases, taglines, Website challenge, YouTube videos, Twitter messaging and public events.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**
  ENWIN continues to invest in infrastructure and new technologies to minimize customer downtime. ENWIN's adjusted System Average Interruption Duration Index ("SAIDI", which is the average number of hours power is interrupted) for 2017 was 0.72 and while it was a slight increase from the previous year, the five year history (2013-2017) shows a downward trend. Additionally, it is still much lower than the OEB calculated target 5-year average (1.17). The increase experienced in 2017 from 2016 (which had an adjusted SAIDI of 0.64) is attributable to the location, timing and nature of the outages experienced as compared to the prior year. ENWIN's investment in infrastructure renewal and modernization, including automated switches, helps reduce the average time that customers have their power interrupted.

- **Average Number of Times that Power to a Customer is Interrupted**
  ENWIN's adjusted System Average Interruption Frequency Index ("SAIFI", which is the average number of times power is interrupted) for 2017 was 1.70, which has increased slightly from 2016 but still compares favorably with the OEB calculated target 5-year average of 2.03. The relatively low frequency of interruption was despite the March 8, 2017 windstorm which was reported by our neighbouring utility, DTE, as the second most impactful storm in their history. The good result was also due to ENWIN's investments in renewing infrastructure at end of life and its ongoing maintenance programs such as tree trimming.

Asset Management

- **Distribution System Plan Implementation Progress**
  Distribution System Plan (DSP) implementation progress is a performance measure instituted by the OEB starting in 2014. The DSP prepared by ENWIN in 2014 outlined ENWIN's forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor's electricity system to serve its current and future customers. The "Distribution System Plan Implementation Progress" measure is intended to assess ENWIN's effectiveness at planning and implementing the DSP. DSP Investment Plan for 2017 was forecast at $34.5M and included the construction of a new TS Station and new feeders in the West end of the City to adequately serve existing customers in the area, at an estimated cost of $16.5M. However, due to "behind the meter generation" installed or in the process of installation, by two major customers and under consideration by at least 2 other major customers, this

investment was deemed unnecessary and cancelled. The move to behind the meter generation was funded by the IESO-funded conservation program and was not anticipated when the DSP was prepared. The adjusted forecast, removing this item, results in a forecast of $18.0M.The actual capital spend was $14.6M, resulting in progress to the other elements of the DSP of 81%.

Cost Control

- **Efficiency Assessment**

  The total costs for Ontario Local Electricity Distribution Companies are evaluated by the Pacific Economics Group LLC (PEG) on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five cohort groups based on the magnitude of the difference between their respective individual actual and predicted costs. ENWIN's efficiency performance has been improving year over year since 2014. The PEG methodology utilizes a three-year average; and in 2017, ENWIN has transitioned from the Group 4 cohort in 2016 to the Group 3 cohort in 2017, which is indicative of improved cost performance results. ENWIN is replacing assets proactively along a carefully managed timeframe in a manner that balances system risks and customer rate impacts.

- **Total Cost per Customer**

  Total cost per customer is calculated by the PEG methodology, as the sum of ENWIN’s capital and operating costs divided by the total number of customers that ENWIN serves. The cost performance result for 2017 is $707 per customer, which has been held constant from 2016. It is important to note, when examined over 5 years, ENWIN has held relatively constant the total cost per customer despite inflationary pressures.

  ENWIN's cost per customer is comparable to other distributors serving built-out, established communities, and to distributors serving energy-intensive customers. ENWIN is committed to infrastructure reinvestment in order to meet its customer’s expectations for reliability with a reasonable cost. While ENWIN’s load base has eroded since peaking in 2006, ENWIN continues to invest in replacement of its infrastructure as that infrastructure reaches end-of-life. This investment is to ensure that ENWIN’s customers continue to have the reliable electrical service they currently enjoy.

- **Total Cost per Km of Line**

  This measure uses the same total cost that is used in the Total Cost per Customer calculation above. The total cost is divided by the kilometers of line that ENWIN operates to serve its customers.

  ENWIN's 2017 total cost per kilometer of line is $13,094, which is 76% less than the prior year result primarily due to a change in methodology by ENWIN which, for the first time in 2017 and as permitted by the reporting definition, accounts for the presence of the utility’s significant secondary (lower-voltage) distribution network. This change in methodology makes ENWIN comparable with other LDC’s which have previously made this change.

Conservation & Demand Management

- **Net Cumulative Energy Savings**
  ENWIN continues to rely on its community partners and the strong relationships they've developed with both their customers and trade allies to succeed in achieving their 2015-2020 Conservation First Framework ("CFF") energy savings target. The 2017 program implementation year was a successful one, with ENWIN achieving 26.9 GWh of energy savings, or 17.8% of their 2015-2020 CFF energy savings target. At the end of 2017, ENWIN had achieved 54% of their 2015-2020 energy savings target through 50% of the program term. ENWIN continues to support the conservation efforts of its customers and remains committed to meeting their obligations to the Province and the ratepayers.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**
  Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving all required documentation. In 2017, ENWIN did not receive any requests to perform CIAs,. ENWIN developed and implemented measures to ensure CIAs are completed within the required timeframe by clearly defining requirements for proponents and by standardizing on both the format and technical components of our consultant's reports.

- **New Micro-embedded Generation Facilities Connected On Time**
  In 2017, ENWIN connected 93 MicroFIT generation facilities and 100% were done within the prescribed time frame of five (5) working days, consistent with the 2016 result. The minimum acceptable OEB-mandated industry performance level for this measure is to connect within the prescribed time frame 90% of the time. ENWIN's successful result in this measure was achieved by performing daily checks for ESA Authorization, providing instant notification to our Metering department when connections are ready, and by having a quick dispatch process for meter installers. ENWIN's commitment to achieving this requirement also includes pulling crews from other projects when the 5 days window cannot be met by the regular service crews.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**
  ENWIN's current ratio was 1.83 in 2017 (1.60 in 2016). This continues to demonstrate the company's strong financial position and ability to meet the company's short term financial obligations. The improvement in the current ratio during the year was a result of a decline in the amounts owing in short term liabilities at year end compared to the prior year. The focus on liquidity and reduction of debt is contributing to this strong liquidity ratio.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**
  ENWIN's debt to equity ratio was 0.43 in 2017 (0.39 in 2016). This is one of the lowest debt to equity ratios when compared to other

LDCs of similar size within the province of Ontario. This low debt to equity ratio has been achieved through financial practices targeting liquidity and financial stability to ensure resources are available to continue future investment in new infrastructure.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**
  ENWIN's current distribution rates were approved by the OEB and included a deemed regulatory rate of return on equity ("ROE") of 8.01%. ENWIN's customers continue to benefit from one of the lowest deemed ROE's within the industry in Ontario.

- **Profitability: Regulatory Return on Equity – Achieved**
  ENWIN's actual regulatory return on equity declined relative to 2016 which is not uncommon in between Cost of Service years. ENWIN is planning a Cost of Service filing and once that is completed, the regulated return on equity should return to target levels.

Note to Readers of 2017 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.

ATTACHMENT 1 – I

Benchmarking Spreadsheet Forecast Model

Summary of Cost Benchmarking Results

EnWin Utilities Ltd.

Cost Benchmarking Summary	2017 (History)	2018 (Forecast)	2019 (Bridge)	2020 (Test Year)	2021 Projection	2022 Projection	2023 Projection
Actual Total Cost	62,552,073	67,452,243	67,453,529	68,492,898	69,623,714	70,437,511	71,183,134
Predicted Total Cost	59,322,569	65,340,149	70,222,460	74,948,505	79,544,736	81,393,793	85,971,804
Difference	3,229,504	2,112,095	(2,768,931)	(6,455,607)	(9,921,022)	(10,956,282)	(14,788,670)
Percentage Difference (Cost Performance)	**5.3%**	**3.2%**	**-4.0%**	**-9.01%**	**-13.32%**	**-14.46%**	**-18.88%**
Three-Year Average Performance			1.5%	-3.28%	-8.78%	-12.26%	-15.55%
Stretch Factor Cohort							
Annual Result	3	3	3	3	2	2	2
Three Year Average			3	3	3	2	2

Data Required for Cost Benchmarking

EnWin Utilities Ltd.

Select LDC from Dropdown Box: EnWin Utilities Ltd.

Required Item		History 2017	Forecast 2018	Bridge Year 2019	Test Year 2020	Projection 2021	Projection 2022	Projection 2023	
	Gross Capital Cost Additions Data								
1	Total Gross Capital Additions	16,024,514	15,894,000	25,809,000	22,810,000	18,965,000	16,872,000	16,662,000	Enter Values
2	HV Gross Capital Additions	1,086,645	528,000	475,000	275,000	425,000	1,725,000	2,925,000	Enter Values
	Output and Other Business Conditions								
3	Number of Customers	88,422	88,759	89,093	89,428	89,428	89,428	89,428	Enter Values
4	Delivery Volume	2,357,005,920	2,373,403,713	2,307,487,797	2,230,875,607	2,230,875,607	2,230,875,607	2,230,875,607	Enter Values
5	Annual Peak Demand	464,200	464,200	464,200	464,200	464,200	464,200	464,200	Enter Values
6	Distribution Circuit-km	4,777	4,777	4,777	4,777	4,777	4,777	4,777	Enter Values
7	Ten Year Customer Growth Percentage	4.32%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	Enter Values
	Inflation Measures								
8	Wage Growth	3.03%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	Enter values. The default values prov
9	Growth in Economy-wide Inflation	2.63%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	Enter values. The default values prov
10	Rate of Return (WACC)	5.67%	6.02%	6.02%	6.02%	6.02%	6.02%	6.02%	Enter Values
	OM&A Expenses Included in Cost Benchmarking								
Choose a Method:	N **Use Method 1 [1A - 1B + 1C]**	(237,821)	(581,346)	(638,176)	(659,696)	(628,725)	(640,375)	(645,493)	Formula
	Y **Use Method 2 [2A - 2B + 2C]**	26,481,205	29,654,492	28,004,439	27,730,074	28,001,244	28,334,236	28,759,776	Formula
11	**OM&A Values Transfered to Calculations Worksheet**	26,481,205	29,654,492	28,004,439	27,730,074	28,001,244	28,334,236	28,759,776	Formula

Method 1: Enter Values Calculated Elsewhere — Enter Values Supported by Separate Calculations

		2017	2018	2019	2020	2021	2022	2023	
1A	Total OM&A Consistent with accounts included in [2B]								Enter Values
1B	HV Cost (Accounts 5014, 5015, and 5112) if included in total	237,821	581,346	638,176	659,696	628,725	640,375	645,493	Enter Values
1C	LV Adjustment	-	-	-	-	-	-	-	Enter Values

Method 2: Enter Detailed Data

OM&A Data

Account	Description	2017	2018	2019	2020	2021	2022	2023	
5005	Operation Supervision and Engineering	2,629,756	2,282,694	2,445,314	2,527,562	2,550,418	2,524,706	2,556,156	Enter Values
5010	Load Dispatching	398,550	281,267	483,614	482,793	493,354	503,089	507,315	Enter Values
5012	Station Buildings and Fixtures	-	-	-	-	-	-	-	Enter Values
5014	Transformer Station Equipment - Operation Labor	-	269,276	254,399	262,926	268,185	273,548	279,019	Enter Values
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	770	9,263	9,263	9,448	9,637	9,830	Enter Values
5016	Distribution Station Equipment - Operation Labor	-	-	-	-	-	-	-	Enter Values
5017	Distribution Station Equipment - Operation Supplies and Expenses	-	-	-	-	-	-	-	Enter Values
5020	Overhead Distribution Lines and Feeders - Operation Labor	1,738,847	1,901,852	1,685,198	1,686,891	1,684,861	1,665,480	1,631,833	Enter Values
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	427,510	160,518	730,199	681,740	695,375	709,282	723,468	Enter Values
5035	Overhead Distribution Transformers - Operation	62,049	68,345	61,327	63,859	64,269	66,503	68,065	Enter Values
5040	Underground Distribution Lines and Feeders - Operation Labor	732,496	959,873	701,175	707,506	712,994	717,622	714,364	Enter Values
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	310,288	167,528	380,563	377,442	384,991	392,691	400,544	Enter Values
5055	Overhead Distribution Lines and Feeders	242,432	232,382	255,516	261,230	262,735	267,062	267,023	Enter Values
5065	Meter Expense	651,911	456,041	605,995	583,827	627,631	637,166	652,842	Enter Values
5070	Customer Premises - Operation Labor	13,869	60,767	18,392	18,496	17,898	16,252	15,084	Enter Values
5075	Customer Premises - Operation Materials and Supplies	4,248	5,192	18,056	15,871	16,188	16,512	16,842	Enter Values
5085	Miscellaneous Distribution Expense	57,903	36,024	49,660	49,660	49,660	50,653	51,666	Enter Values
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	-	-	-	-	Enter Values
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-	-	-	-	-	Enter Values
5096	Other Rent (Distribution)	-	-	-	-	-	-	-	Enter Values
	Subtotal: Operation	**7,269,859**	**6,882,529**	**7,698,671**	**7,729,065**	**7,838,007**	**7,850,203**	**7,894,051**	Formula
5105	Maintenance Supervision and Engineering	-	-	-	-	-	-	-	Enter Values
5110	Maintenance of Buildings and Fixtures	-	-	-	-	-	-	-	Enter Values
5112	Maintenance of Transformer Station Equipment	237,821	311,300	374,514	387,507	351,092	357,190	356,644	Enter Values
5114	Maintenance of Distribution Station Equipement	51,816	35,737	45,146	44,797	39,853	39,943	39,890	Enter Values
5120	Maintenance of Poles, Towers and Fixtures	-	-	-	-	-	-	-	Enter Values
5125	Maintenance of Overhead Conductors and Devices	-	-	-	-	-	-	-	Enter Values
5130	Maintenance of Overhead Services	758,586	912,525	958,829	935,922	936,662	930,818	919,217	Enter Values
5135	Overhead Distribution Lines and Feeders - Right of Way	867,897	1,081,488	1,149,968	1,093,783	1,163,043	1,167,123	1,171,740	Enter Values
5145	Maintenance of Underground Conduit	-	-	-	-	-	-	-	Enter Values
5150	Maintenance of Underground Conductors and Devices	-	-	-	-	-	-	-	Enter Values
5155	Maintenance of Underground Services	535,919	538,920	659,793	659,693	667,246	670,568	669,122	Enter Values
5160	Maintenance of Line Transformers	35,197	62,867	54,913	52,911	52,831	52,347	51,395	Enter Values
5175	Maintenance of Meters	-	-	-	-	-	-	-	Enter Values
	Subtotal: Maintenance	**2,487,236**	**2,942,837**	**3,243,162**	**3,174,613**	**3,210,727**	**3,217,989**	**3,208,008**	Formula
5305	Supervision (Billing and Collection)	-	-	-	-	-	-	-	Enter Values
5310	Meter Reading Expense	603,240	726,464	748,635	777,860	767,497	761,596	779,289	Enter Values
5315	Customer Billing	1,389,774	1,508,529	1,551,988	1,581,072	1,600,208	1,632,975	1,678,428	Enter Values
5320	Collecting	102,367	101,786	102,465	104,421	105,000	107,316	110,201	Enter Values
5325	Collecting - Cash Over and Short	-	-	-	-	-	-	-	Enter Values
5330	Collection Charges	-	-	-	-	-	-	-	Enter Values
5340	Miscellaneous Customer Account Expenses	-	-	-	-	-	-	-	Enter Values
	Subtotal : Billing and Collections	**2,095,381**	**2,336,779**	**2,403,088**	**2,463,353**	**2,472,705**	**2,501,887**	**2,567,918**	Formula
5405	Supervision (Community Relations)	-	-	-	-	-	-	-	Enter Values
5410	Community Relations - Sundry	132,385	175,829	182,709	147,723	218,076	222,624	227,277	Enter Values
5420	Community Safety Program	-	-	-	-	-	-	-	Enter Values
5425	Miscellaneous Customer Service and Informational Expens	-	-	-	-	-	-	-	Enter Values
	Subtotal: Community Relations	**132,385**	**175,829**	**182,709**	**147,723**	**218,076**	**222,624**	**227,277**	Formula
5605	Executive Salaries and Expenses	-	-	-	-	-	-	-	Enter Values
5610	Management Salaries and Expenses	1,476,557	1,333,240	1,446,580	1,480,845	1,514,164	1,548,233	1,583,068	Enter Values
5615	General Administrative Salaries and Expenses	3,855,780	4,814,236	4,285,616	4,429,325	4,513,700	4,612,993	4,721,470	Enter Values
5620	Office Supplies	676,458	591,230	521,881	527,379	529,121	536,239	543,504	Enter Values
5625	Administrative Expense Transferred - Credit	-	2,302,845	-	-	-	-	-	Enter Values
5630	Outside Services Employed	2,302,845	2,196,283	2,674,820	2,172,479	2,184,690	2,216,761	2,271,809	Enter Values
5640	Injuries and Damages	267,043	376,052	374,545	398,285	394,792	401,168	407,650	Enter Values
5645	OMERS Pensions and Benefits	-	-	-	-	-	-	-	Enter Values
5646	Employee Pensions and OPEB	2,893,267	2,943,063	3,000,712	3,060,919	3,121,666	3,183,673	3,247,868	Enter Values
5647	Employee Sick Leave	-	-	-	-	-	-	-	Enter Values
5650	Franchise Requirements	-	-	-	-	-	-	-	Enter Values
5655	Regulatory Expenses	408,676	432,974	594,940	430,935	439,009	447,789	456,745	Enter Values
5665	Miscellaneous General Expenses	126,137	149,860	123,474	125,275	127,121	129,664	132,257	Enter Values
5670	Rent (Administrative and General)	-	-	-	-	-	-	-	Enter Values
5672	Lease Payment Expense	-	-	-	-	-	-	-	Enter Values
5675	Maintenance of General Plant	2,236,054	2,247,361	1,569,446	1,716,144	1,522,093	1,550,407	1,577,565	Enter Values
5680	Electrical Safety Authority Fees	42,011	42,888	43,781	44,657	45,550	46,461	47,390	Enter Values
	Sutotal: A&G Expenses	**14,284,826**	**17,430,032**	**14,635,796**	**14,386,244**	**14,391,906**	**14,673,388**	**14,989,326**	Formula
5635	Property Insurance	449,340	467,832	479,189	488,773	498,548	508,520	518,689	Enter Values
6210	Life Insurance	-	-	-	-	-	-	-	Enter Values
	Subtotal: Insurance	**449,340**	**467,832**	**479,189**	**488,773**	**498,548**	**508,520**	**518,689**	Formula
5515	Advertinsing	-	-	-	-	-	-	-	Enter Values
	Subtotal Advertising	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Formula
2A	**Total of Above Accounts Used for Benchmarking**	26,719,026	**30,235,838**	**28,642,615**	**28,389,770**	**28,629,969**	**28,974,611**	**29,405,269**	Formula

Adjustments to OM&A for Benchmarking

		2017	2018	2019	2020	2021	2022	2023	
	5014	-	269,276	254,399	262,926	268,185	273,548	279,019	Formula
	5015	-	770	9,263	9,263	9,448	9,637	9,830	Formula
	5112	237,821	311,300	374,514	387,507	351,092	357,190	356,644	Formula
2B	**Subtotal: HV Adjustment (to subtract from cost)**	**237,821**	**581,346**	**638,176**	**659,696**	**628,725**	**640,375**	**645,493**	**Formula**
2C	**LV Adjustment**	**-**							**Enter Values**

Benchmarking Calculations for LDC Forecasting

Selected LDC: EnWin Utilities Ltd.

Line Reference Number		Row Nu	Account	2016	2017	2018	2019	2020	2021	2022	2023	Data Item Number	
						Forecasted Values							
			Section 1: Source Data and OM&A Calculations										
1	**OM&A Data (Detail may be hidden or expanded using the +/- buttons to the left of the row numbers)**												
2	5005	2	Operation Supervision and Engineering		2.629.756	2.282.694.00	2.445.314.03	2.527.562.37	2.550.418.22	2.524.705.56	2.556.155.86		manually linked/input
3	5010	3	Load Dispatching		398.550	281.267.00	483.614.06	482.792.64	493.354.00	503.089.00	507.315.00		
4	5012	4	Station Buildings and Fixtures		-	-	-	-	-	-	-		
5	5014	5	Transformer Station Equipment - Operation Labor		-	269.276.00	254.399.00	262.926.00	268.184.52	273.548.21	279.019.17		
6	5015	6	Transformer Station Equipment - Operation Supplies and Expenses		-	770.00	9.263.00	9.263.00	9.448.26	9.637.23	9.829.97		
7	5016	7	Distribution Station Equipment - Operation Labor		-	-	-	-	-	-	-		
8	5017	8	Distribution Station Equipment - Operation Supplies and Expenses		-	-	-	-	-	-	-		
9	5020	9	Overhead Distribution Lines and Feeders - Operation Labor		1.738.847	1.901.852.00	1.685.197.77	1.686.890.80	1.684.861.20	1.665.479.70	1.631.833.06		
10	5025	10	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses		427.510	160.518.00	730.199.00	681.740.00	695.374.80	709.282.30	723.467.94		
11	5035	11	Overhead Distribution Transformers - Operation		62.049	68.345.00	61.327.43	63.858.72	64.269.00	66.503.00	68.065.00		
12	5040	12	Underground Distribution Lines and Feeders - Operation Labor		732.496	959.873.00	701.175.31	707.506.22	712.994.16	717.622.34	714.363.53		
13	5045	13	Underground Distribution Lines and Feeders - Operation Supplies and Expenses		310.288	167.528.00	380.563.00	377.442.00	384.990.84	392.690.66	400.544.47		
14	5055	14	Overhead Distribution Lines and Feeders		242.432	232.382.00	255.515.77	261.229.99	262.735.00	267.062.00	267.023.00		
15	5065	15	Meter Expense		651.911	456.041.00	605.994.74	583.826.57	627.631.00	637.166.00	652.842.00		
16	5070	16	Customer Premises - Operation Labor		13.869	60.767.00	18.392.07	18.495.52	17.897.58	16.251.81	15.083.57		
17	5075	17	Customer Premises - Operation Materials and Supplies		4.248	5.192.00	18.056.00	15.871.00	16.188.42	16.512.19	16.842.43		
18	5085	18	Miscellaneous Distribution Expense		57.903	36.024.00	49.659.83	49.659.83	49.660.00	50.653.00	51.666.00		
19	5090	19	Underground Distribution Lines and Feeders - Rental Paid		-	-	-	-	-	-	-		
20	5095	20	Overhead Distribution Lines and Feeders - Rental Paid		-	-	-	-	-	-	-		
21	5096	21	Other Rent (Distribution)		-	-	-	-	-	-	-		
22			**Subtotal: Operation**		7.269.859	6.882.529.00	7.698.671.02	7.729.064.67	7.838.007.00	7.850.203.00	7.894.051.00		
23	5105	22	Maintenance Supervision and Engineering		-	-	-	-	-	-	-		
24	5110	23	Maintenance of Buildings and Fixtures		-	-	-	-	-	-	-		
25	5112	24	Maintenance of Transformer Station Equipment		237.821	311.300.00	374.514.06	387.506.85	351.092.00	357.190.00	356.644.00		
26	5114	25	Maintenance of Distribution Station Equipement		51,816	35,737.00	45,146.02	44,797.15	39,853.00	39,943.00	39,890.00		
27	5120	26	Maintenance of Poles, Towers and Fixtures		-	-	-	-	-	-	-		
28	5125	27	Maintenance of Overhead Conductors and Devices		-	-	-	-	-	-	-		
29	5130	28	Maintenance of Overhead Services		758.586	912.525.00	958.829.08	935.922.46	936.662.00	930.818.00	919.217.00		
30	5135	29	Overhead Distribution Lines and Feeders - Right of Way		867.897	1.081.488.00	1.149.968.02	1.093.782.55	1.163.043.00	1.167.123.00	1.171.740.00		
31	5145	30	Maintenance of Underground Conduit		-	-	-	-	-	-	-		
32	5150	31	Maintenance of Underground Conductors and Devices		-	-	-	-	-	-	-		
33	5155	32	Maintenance of Underground Services		535.919	538.920.00	659.792.52	659.693.17	667.246.00	670.568.00	669.122.00		
34	5160	33	Maintenance of Line Transformers		35.197	62.867.00	54.912.66	52.911.16	52.831.00	52.347.00	51.395.00		
35	5175	34	Maintenance of Meters		-	-	-	-	-	-	-		
36			**Subtotal: Maintenance**		2.487.236	2.942.837.00	3.243.162.37	3.174.613.34	3.210.727.00	3.217.989.00	3.208.008.00		
37	5305	35	Supervision (Billing and Collection)		-	-	-	-	-	-	-		
38	5310	36	Meter Reading Expense		603.240	726.464.00	748.635.33	777.859.53	767.497.00	761.596.00	779.289.00		
39	5315	37	Customer Billing		1,389,774	1,508,529.00	1,551,987.83	1,581,072.41	1,600,208.00	1,632,975.00	1,678,428.00		
40	5320	38	Collecting		102.367	101.786.00	102.464.76	104.420.74	105.000.00	107.316.00	110.201.00		
41	5325	39	Collecting - Cash Over and Short		-	-	-	-	-	-	-		
42	5330	40	Collection Charges		-	-	-	-	-	-	-		
43	5340	41	Miscellaneous Customer Account Expenses		-	-	-	-	-	-	-		
44			**Subtotal : Billing and Collections**		2.095.381	2.336.779.00	2.403.087.91	2.463.352.68	2.472.705.00	2.501.887.00	2.567.918.00		
45	5405	42	Supervision (Community Relations)		-	-	-	-	-	-	-		
46	5410	43	Community Relations - Sundry		132.385	175.829.00	182.709.00	147.723.00	218.076.00	222.624.00	227.277.00		
47	5420	44	Community Safety Program		-	-	-	-	-	-	-		
48	5425	45	Miscellaneous Customer Service and Informational Expenses		-	-	-	-	-	-	-		
49			**Subtotal: Community Relations**		132.385	175.829.00	182.709.00	147.723.00	218.076.00	222.624.00	227.277.00		
50	5605	47	Executive Salaries and Expenses		-	-	-	-	-	-	-		
51	5610	48	Management Salaries and Expenses		1.476.557	1.333.240.00	1.446.580.00	1.480.845.00	1.514.164.01	1.548.232.70	1.583.067.94		
52	5615	49	General Administrative Salaries and Expenses		3.855.780	4.814.236.00	4.285.615.86	4.429.325.23	4.513.699.99	4.612.993.30	4.721.470.06		
53	5620	50	Office Supplies		676.458	591.230.00	521.881.37	527.378.79	529.121.00	536.239.00	543.504.00		
54	5625	51	Administrative Expense Transferred - Credit		-	2.302.845.00	-	-	-	-	-		
55	5630	52	Outside Services Employed		2.302.845	2.196.283.00	2.674.820.07	2.172.479.48	2.184.690.00	2.216.761.00	2.271.809.00		
56	5640	53	Injuries and Damages		267.043	376.052.00	374.544.53	398.285.12	394.792.00	401.168.00	407.650.00		
57	5645	54	OMERS Pensions and Benefits		-	-	-	-	-	-	-		
58	5646	55	Employee Pensions and OPEB		2,893,267	2,943,063.00	3,000,711.93	3,060,919.20	3,121,666.00	3,183,673.00	3,247,868.00		
59	5647	56	Employee Sick Leave		-	-	-	-	-	-	-		
60	5650	57	Franchise Requirements		-	-	-	-	-	-	-		
61	5655	58	Regulatory Expenses		408,676	432,974.00	594,940.00	430,935.20	439,009.00	447,789.00	456,745.00		
62	5665	59	Miscellaneous General Expenses		126.137	149.860.00	123.474.42	125.274.72	127.121.00	129.664.00	132.257.00		
63	5670	60	Rent (Administrative and General)		-	-	-	-	-	-	-		
64	5672	61	Lease Payment Expense		-	-	-	-	-	-	-		
65	5675	62	Maintenance of General Plant		2.236.054	2.247.361.00	1.569.446.08	1.716.143.85	1.522.093.00	1.550.407.00	1.577.565.00		
66	5680	63	Electrical Safety Authority Fees		42.011	42.888.00	43.781.46	44.657.09	45.550.00	46.461.00	47.390.00		
67			**Sutotal: A&G Expenses**		14.284.826	17.430.032.00	14.635.795.72	14.386.243.68	14.391.906.00	###########	14.989.326.00		
68	5635	64	Property Insurance		449.340	467.832.00	479.188.84	488.772.84	498.548.00	508.520.00	518.689.00		
69	6210	65	Life Insurance		-	-	-	-	-	-	-		
70			**Subtotal: Insurance**		449.340	467.832.00	479.188.84	488.772.84	498.548.00	508.520.00	518.689.00		
71	5515	46	Advertinsing		-	-	-	-	-	-	-		
72			**Subtotal Advertising**		-	-	-	-	-	-	-		
73			**Total of Above Accounts Used for Benchmarking**		26.719.026	30.235.838.00	28.642.614.86	28.389.770.22	28.629.969.00	###########	29.405.269.00		
74													
75	**Adjustments to OM&A for Benchmarking**												
76			5014		-	-	-	-	-	-	-		
77			5015		-	581,346	638,176	659,696	628,725	640,375	645,493		
78			5112		237.821	-	-	-	-	-	-		
79			Subtotal: HV Adjustment (to subtract from cost)		237.821	581.346	638.176	659.696	628.725	640.375	645.493		
80			LV Adjustment		-								
81			Total Adjusted OM&A Expense		26,481,205	29,654,492	28,004,439	27,730,074	28,001,244	28,334,236	28,759,776	11	
82													
83	**Gross Capital Cost Additions Data**												
84			Total Gross Capital Additions		16,024,514	15,894,000	25,809,000	22,810,000	18,965,000	16,872,000	16,662,000	1	
85			HV Gross Capital Additions		1,086,645	528,000	475,000	275,000	425,000	1,725,000	2,925,000	2	
86													
87	**Output and Other Business Conditions**												
88			Number of Customers		88,422	88,759	89,093	89,428	89,428	89,428	89,428	3	
89			Delivery Volume		2,357,005,920	2,373,403,713	2,307,487,797	2,230,875,607	2,230,875,607	###########	2,230,875,607	4	
90			Annual Peak Demand		464,200	464,200	464,200	464,200	464,200	464,200	464,200	5	
91			Distribution Circuit km		4,777	4,777	4,777	4,777	4,777	4,777	4,777	6	
92													
93													
			Section 2: Actual Cost Calculations										
94	**Actual Cost**												
95													
96	OM&A				26.481.205.32	29.654.492.00	28.004.438.80	27.730.074.37	28.001.244.22	###########	28.759.775.86		
97													
98	Capital												
99			Rate of Return		5.67%	6.02%	6.02%	6.02%	6.02%	6.02%	6.02%	10	
100			Depreciation Rate		4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%		
101			Construction Cost Index		167.36	170.74	174.19	177.71	181.30	184.96	188.70	9	
102			Capital Price		17.04	17.91	18.27	18.64	19.02	19.40	19.80		
103			Gross Plant Additions		16.024.514	15.894.000	25.809.000	22.810.000	18.965.000	16.872.000	16.662.000	1	
104			HV Capital Additions		1,086,645	528,000	475,000	275,000	425,000	1,725,000	2,925,000	2	
105			Quantity of Capital Additions		89.256	89.996	145.440	126.809	102.263	81.893	72.799		
106			Quantity of Capital Removed		97,570	97,188	96,858	99,088	100,360	100,447	99,596		
107			Capital Quantity		2.117.384	2.110.193	2.158.774	2.186.496	2.188.398	2.169.844	2.143.047		
108			Capital Cost		36.070.868	37.797.751	39.449.090	40.762.823	41.622.470	42.103.275	42.423.358		
109													
110	Total Actual Cost				62.552.073	67.452.243	67.453.529	68.492.898	69.623.714	70.437.511	71.183.134		
			Section 3: Predicted Cost Calculations										
111	**Predicted Cost**												
112													
113			**Output Quantity**										
114			Number of Customers		88.422	88.759	89.093	89.428	89.428	89.428	89.428		
115			Delivery Volume		2.357.005.920	2.373.403.713	2.307.487.797	2.230.875.607	2.230.875.607	2.230.875.607	2.230.875.607		
116			Annual Peak Demand		464.200	464.200	464.200	464.200	464.200	464.200	464.200		
117			Capacity Proxy		656.700	656.700	656.700	656.700	656.700	656.700	656.700		
118													
119			**Input Prices**										
120			GDP IPI [30% Weight]	115.4	118.4	120.8	123.3	125.7	128.3	130.9	133.5	9	
121			Average Hourly Earnings [70% Weight]	962.94	992.55	1,015.14	1,038.23	1,061.86	1,086.02	1,110.74	1,136.01	8	
122			OM&A Price Index Growth [30% GDPIPI growth + 70% AWE Growth	2.287%	1.747%	2.175%	2.175%	2.175%	2.175%	2.175%	2.175%		
123			OM&A Price Index Level		148.33	151.59	154.93	158.33	161.81	165.37	169.01		
124													
125			Capital Price Index	17.93	17.04	17.91	18.27	18.64	19.02	19.40	19.80		
126													
127			**Business Conditions**										
128			Line km		4.777.00	4.777.00	4.777.00	4.777.00	4.777.00	4.777.00	4.777.00		

2002-2013 Average Line km	1,385.06	1,611.19	1,809.05	1,983.64	2,138.83	2,285.39	2,423.81
Customers Ten Years Ago	84,757						
Ten Year Customer Growth Percentage	4.32%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%

(Details of the predicted cost calculations may be hidden by using the +/- button to the left of row 248)

Company Values for Variables Used in the Prediction Equation

Constant	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Capital Price / OM&A Price (WK)	0.1148	0.1182	0.1180	0.1177	0.1175	0.1173	0.1171
Customers (Y1)	88,422	88,759	89,093	89,428	89,428	89,428	89,428
Capacity (Y2)	656,700	656,700	656,700	656,700	656,700	656,700	656,700
Deliveries (Y3)	2,357,005,920	2,373,403,713	2,307,487,797	2,230,875,607	2,230,875,607	2,230,875,607	2,230,875,607
Average Line Length	1,385.1	1,611.2	1,809.1	1,983.6	2,138.8	2,285.4	2,423.8
Customers Added in last 10 years	4.32%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Trend	11	12	13	14	15	14	15

Company-Specific Parameter Estimates*

91 Constant	12.8191	12.8191	12.8191	12.8191	12.8191	12.8191	12.8191
92 Capital Price / OM&A Price (WK)	0.6267	0.6267	0.6267	0.6267	0.6267	0.6267	0.6267
93 Customers (Y1)	0.4524	0.4524	0.4524	0.4524	0.4524	0.4524	0.4524
94 Capacity (Y2)	0.1670	0.1670	0.1670	0.1670	0.1670	0.1670	0.1670
95 Deliveries (Y3)	0.0864	0.0864	0.0864	0.0864	0.0864	0.0864	0.0864
96 WKWK	0.1220	0.1220	0.1220	0.1220	0.1220	0.1220	0.1220
97 Y1Y1	(0.4593)	(0.4593)	(0.4593)	(0.4593)	(0.4593)	(0.4593)	(0.4593)
98 Y2Y2	0.1579	0.1579	0.1579	0.1579	0.1579	0.1579	0.1579
99 Y3Y3	0.1548	0.1548	0.1548	0.1548	0.1548	0.1548	0.1548
100 WKY1	0.0529	0.0529	0.0529	0.0529	0.0529	0.0529	0.0529
101 WKY2	0.0109	0.0109	0.0109	0.0109	0.0109	0.0109	0.0109
102 WKY3	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)
103 Y1Y2	0.2028	0.2028	0.2028	0.2028	0.2028	0.2028	0.2028
104 Y1Y3	0.0877	0.0877	0.0877	0.0877	0.0877	0.0877	0.0877
105 Y2Y3	(0.2188)	(0.2188)	(0.2188)	(0.2188)	(0.2188)	(0.2188)	(0.2188)
106 Average Line Length	0.2905	0.2905	0.2905	0.2905	0.2905	0.2905	0.2905
107 Customers Added in last 10 years	0.0174	0.0174	0.0174	0.0174	0.0174	0.0174	0.0174
108 Trend	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170

Sample Mean Values

Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Capital Price / OM&A Price (WK)	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
Customers (Y1)	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118
Capacity (Y2)	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146
Deliveries (Y3	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	###########	1,630,327,994
WKWK	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y3Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Average Line Length	2,723	2,723	2,723	2,723	2,723	2,723	2,723
Customers Added in last 10 years	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286

2013 Values Logged and Mean Scaled (where applicable)

Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Capital Price / OM&A Price (WK)	(0.3587)	(0.3303)	(0.3320)	(0.3338)	(0.3355)	(0.3373)	(0.3390)
Customers (Y1)	0.3323	0.3361	0.3399	0.3436	0.3436	0.3436	0.3436
Capacity (Y2)	0.6433	0.6433	0.6433	0.6433	0.6433	0.6433	0.6433
Deliveries (Y3)	0.3686	0.3755	0.3474	0.3136	0.3136	0.3136	0.3136
WKWK	0.0643	0.0545	0.0551	0.0557	0.0563	0.0569	0.0575
Y1Y1	0.0552	0.0565	0.0578	0.0590	0.0590	0.0590	0.0590
Y2Y2	0.2069	0.2069	0.2069	0.2069	0.2069	0.2069	0.2069
Y3Y3	0.0679	0.0705	0.0603	0.0492	0.0492	0.0492	0.0492
WKY1	(0.1192)	(0.1110)	(0.1128)	(0.1147)	(0.1153)	(0.1159)	(0.1165)
WKY2	(0.2307)	(0.2125)	(0.2136)	(0.2147)	(0.2158)	(0.2170)	(0.2181)
WKY3	(0.1322)	(0.1240)	(0.1153)	(0.1047)	(0.1052)	(0.1058)	(0.1063)
Y1Y2	0.2138	0.2162	0.2186	0.2211	0.2211	0.2211	0.2211
Y1Y3	0.1225	0.1262	0.1181	0.1078	0.1078	0.1078	0.1078
Y2Y3	0.2371	0.2416	0.2235	0.2018	0.2018	0.2018	0.2018
Average Line Length	(0.6759)	(0.5247)	(0.4089)	(0.3167)	(0.2414)	(0.1751)	(0.1163)
Customers Added in last 10 years	33.62%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
Trend	11.0000	12.0000	13.0000	14.0000	15.0000	14.0000	15.0000

Product of Parameter and 2013 Values

Constant	12.819	12.819	12.819	12.819	12.819	12.819	12.819
Capital Price / OM&A Price (WK)	(0.225)	(0.207)	(0.208)	(0.209)	(0.210)	(0.211)	(0.212)
Customers (Y1)	0.150	0.152	0.154	0.155	0.155	0.155	0.155
Capacity (Y2)	0.107	0.107	0.107	0.107	0.107	0.107	0.107
Deliveries (Y3)	0.032	0.032	0.030	0.027	0.027	0.027	0.027
WKWK	0.008	0.007	0.007	0.007	0.007	0.007	0.007
Y1Y1	(0.025)	(0.026)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
Y2Y2	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Y3Y3	0.011	0.011	0.009	0.008	0.008	0.008	0.008
WKY1	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
WKY2	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
WKY3	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Y1Y2	0.043	0.044	0.044	0.045	0.045	0.045	0.045
Y1Y3	0.011	0.011	0.010	0.009	0.009	0.009	0.009
Y2Y3	(0.052)	(0.053)	(0.049)	(0.044)	(0.044)	(0.044)	(0.044)
Average Line Length	(0.196)	(0.152)	(0.119)	(0.092)	(0.070)	(0.051)	(0.034)
Customers Added in last 10 years	0.006	0.001	0.001	0.001	0.001	0.001	0.001
Trend	0.187	0.203	0.220	0.237	0.254	0.237	0.254
Log of Predicted Total Cost / OM&A Price	12.8991	12.9739	13.0242	13.0676	13.1054	13.1066	13.1396
Real Predicted Total Cost / OM&A Price	399,934	431,026	453,266	473,363	491,583	492,187	508,686
OM&A Price	148.33	151.59	154.93	158.33	161.81	165.37	169.01
Predicted Total Cost	59,322,569	65,340,149	70,222,460	74,948,505	79,544,736	81,393,793	85,971,804

Section 4: Benchmarking Results

Actual Cost	62,552,073	67,452,243	67,453,529	68,492,898	69,623,714	70,437,511	71,183,134
Predicted Cost	59,322,569	65,340,149	70,222,460	74,948,505	79,544,736	81,393,793	85,971,804
Actual less Predicted Cost	3,229,504	2,112,095	(2,768,931)	(6,455,607)	(9,921,022)	(10,956,282)	(14,788,670)
Percentage Difference (Arithmetic for Comparison)	5.44%	3.23%	-3.94%	-8.61%	-12.47%	-13.46%	-17.20%
24200.00% **Percent Difference (Logarithmic)**	**5.30%**	**3.18%**	**-4.02%**	**-9.01%**	**-13.32%**	**-14.46%**	**-18.88%**

ATTACHMENT 1 – J

ENWIN Utilities Ltd. Non-Consolidated Audited Financial Statements;
2015, 2016, 2017

Financial Statements of

ENWIN UTILITIES LTD.

Year ended December 31, 2015

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of EnWin Utilities Ltd.

We have audited the accompanying financial statements of EnWin Utilities Ltd., which comprise the balance sheet as at December 31, 2015, the statements of profit and other comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EnWin Utilities Ltd., as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 26, 2016
Windsor, Canada

ENWIN UTILITIES LTD.
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Year ended December 31, 2015

ENWIN UTILITIES LTD.

Balance Sheet
(In thousands of Canadian dollars)

December 31, 2015, with comparative information for 2014

	Notes		2015		2014
Assets					
Current assets:					
Cash and cash equivalents	4	$	12,630	$	5,831
Accounts receivable	5		51,145		46,767
Payments in lieu of income taxes receivable	14		376		1,296
Due from related parties	19		3,919		1,825
Inventory	6		3,492		3,575
Other assets			1,302		943
Total current assets			**72,864**		**60,237**
Property, plant and equipment	8		219,179		206,707
Intangible assets	9		12,817		14,906
Investment	7		3,787		2,510
Work in progress			357		392
Due from related party	19		4,520		5,342
Deferred income taxes	14		7,305		8,975
Total non-current assets			**247,965**		**238,832**
Total assets		$	**320,829**	$	**299,069**
Liabilities					
Current liabilities:					
Accounts payable and accruals	21	$	30,447	$	28,395
Due to related parties	19		20,961		20,295
Current portion of customer deposits	10		1,121		1,004
Deferred revenue			3,743		402
Total current liabilities			**56,272**		**50,096**
Customer deposits	10		6,004		7,576
Vested sick leave			-		1
Deferred revenue - customer contributions			10,009		5,222
Long-term borrowings	11		50,433		50,422
Employee future benefits	12		53,489		51,101
Total non-current liabilities			**119,935**		**114,322**
Total liabilities			**176,207**		**164,418**
Equity					
Common shares	15		62,008		62,008
Contributed surplus			516		516
Retained earnings			83,781		74,502
Accumulated other comprehensive (loss) income			(1,683)		(2,375)
Total equity			**144,622**		**134,651**
Commitments and contingencies	22				
Total liabilities and equity		$	**320,829**	$	**299,069**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Profit and Other Comprehensive Income
(In thousands of Canadian dollars)

Year ended December 31, 2015, with comparative information for 2014

	Notes	2015	2014
Customer billing for electricity and service charges		$ 299,473	$ 286,639
Cost of electricity purchased		248,714	238,759
Gross profit		**50,759**	**47,880**
Services provided to Windsor Utilities Commission	19	20,503	20,561
Services provided to Enwin Energy Ltd.	19	634	491
Other income	16	6,094	5,818
Other revenue		**27,231**	**26,870**
Distribution expenses		9,773	9,507
Administration expenses		48,999	47,470
Total expenses		**58,772**	**56,977**
Results from operating activities		**19,218**	**17,773**
Finance costs	18	2,550	2,594
		2,550	2,594
Profit before tax		**16,668**	**15,179**
Income taxes:			
Provision for payments in lieu of corporate taxes	14	2,719	5,114
Deferred income taxes	14	1,670	(1,080)
		4,389	4,034
Profit for the year		12,279	11,145
Other comprehensive income (loss):			
Remeasurement of defined benefit obligation income (loss)		941	(6,650)
Related tax	14	(249)	1,762
Other comprehensive income (loss)		692	(4,888)
Total comprehensive income for the year		**$ 12,971**	**$ 6,257**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2015, with comparative information for 2014

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income/(loss)	Total
Balance at January 1, 2014	$ 62,008	$ 516	$ 68,107	$ 2,513	$ 133,144
Profit for the year	-	-	11,145	-	11,145
Dividends declared	-	-	(4,750)	-	(4,750)
Other comprehensive income (loss)	-	-	-	(4,888)	(4,888)
Balance at December 31, 2014	$ 62,008	$ 516	$ 74,502	$ (2,375)	$ 134,651
Profit for the year	-	-	12,279	-	12,279
Dividends declared	-	-	(3,000)	-	(3,000)
Other comprehensive income (loss)	-	-	-	692	692
Balance at December 31, 2015	$ 62,008	$ 516	$ 83,781	$ (1,683)	$ 144,622

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2015, with comparative information for 2014

	Note	2015	2014
Cash flows from operating activities:			
Total comprehensive income for the year		$ 12,971	$ 6,257
Adjustments for:			
Depreciation and amortization	8, 9	11,745	11,072
Amortization of deferred revenue customer contribution		(219)	(96)
Actuarial (gains) losses post-retirement		(941)	6,650
Loss on sale of property, plant and equipment		65	108
Finance costs	18	2,550	2,594
Income tax expense	14	4,638	2,272
		30,809	28,857
Changes in:			
Inventory		83	41
Other assets		(359)	105
Accounts receivable		(4,378)	(7,427)
Due from related parties		(2,094)	394
Work in process		35	41
Accounts payable and accruals		2,052	(625)
Due to related parties		666	(409)
Deferred revenue		3,341	(105)
Deferred income taxes		1,670	(1,080)
PIL of income taxes		(497)	905
Customer deposits		(1,455)	(1,359)
Vested sick leave		(1)	(9)
Employee benefits		3,329	3,055
		2,392	(6,473)
Interest paid		(2,539)	(2,583)
Income taxes paid		(3,221)	(4,691)
Net cash from operating activities		**27,441**	**15,110**
Cash flows from investing activities:			
Acquisition of property, plant and equipment	8, 9	(22,631)	(19,921)
Deferred revenue - customer contributions		5,006	2,563
Acquisition of investments	7	(1,200)	(2,500)
Gain on investment	7	(77)	(10)
Proceeds on sale of property, plant and equipment		438	328
Net cash used in investing activities		**(18,464)**	**(19,540)**
Cash flows from financing activities:			
Decrease in due from related parties	19	822	822
Dividends paid		(3,000)	(4,750)
Net cash used in financing activities		**(2,178)**	**(3,928)**
Net increase (decrease) in cash and cash equivalents		6,799	(8,358)
Cash and cash equivalents at January 1		5,831	14,189
Cash and cash equivalents at December 31		$ 12,630	$ 5,831

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Table of Contents to Notes to Financial Statements

Year ended December 31, 2015

1. Reporting entity:

EnWin Utilities Ltd. (the "Corporation") is a local distribution company that owns and operates the electricity distribution grid in the City of Windsor. In accordance with the Electricity Act, 1998, the Corporation was incorporated in December of 1999 under the Business Corporations Act (Ontario). The address of the Corporation's registered office is 787 Ouellette Avenue, Windsor, Ontario, Canada. The Corporation is 100% owned by Windsor Canada Utilities Ltd., which is in turn 100% owned by the Corporation of the City of Windsor (the "City").

On November 6, 2012, the Corporation and the Windsor Utilities Commission (the "Commission") entered into a Water System Operating Agreement ("WSOA"), whereby the Corporation agreed to provide services to the Commission with respect to operating the water treatment and distribution system as well as District Energy. The services include: management, administrative services, construction operations, and maintenance services. The Corporation is responsible for providing all personnel required to operate the water system and District Energy. Pursuant to the terms of the WSOA and the associated Employee Arrangement Agreement, also dated November 6, 2012, the Commission transferred all non-unionized employees and all unionized employees of the Commission to the Corporation. The Commission is a local board of the City.

The Corporation provides billing, credit, financial, and customer service on behalf of the City in relation to waste water.

The Corporation also provides billing, credit, financial, customer service and other support services on behalf of EnWin Energy Ltd. ("Energy") in relation to sentinel lighting and street light maintenance.

The Corporation's arrangements with these affiliates are subject to the Ontario Energy Board's Affiliate Relationships Code (the "ARC"), which is a code prescribed by and issued pursuant to the Ontario Energy Board Act, 1998.

2. Basis of preparation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on April 26, 2016.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) The accrued benefit related to the Corporation's unfunded defined benefit plan is actuarially determined and is measured at the present value of the defined benefit obligation.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand dollars.

(e) Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, significant areas where upon estimation was required that have the most significant effect on the amounts recognized in these financial statements, include:

(i) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed
(ii) Note 8 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment
(iii) Note 12 – Employee future benefits: measurement of the defined benefit obligation
(iv) Note 20 – Financial instruments and risk management: valuation of financial instruments

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, include:

(i) the Corporation's determination that they are acting as a principal for electricity distribution and therefore have presented the electricity revenues on a gross basis

(f) Rate regulation:

Effect of rate-setting regulations on the Corporation's activities and on these financial statements:

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

The Ontario Energy Board Act, 1998 conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the distribution of electricity and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct business, and filing and process requirements for rate setting purposes.

(i) Rate setting:

The electricity distribution rates and other regulated charges of the Corporation are determined by the OEB. This regulated rate-setting provides LDCs with the opportunity to recover the revenue requirement associated with owning and operating the LDC. The revenue requirement represents the forecasted prudent costs, including the cost of capital, that will be reasonably necessary for the LDC to invest in the electricity grid, operate the electricity grid, and serve customers in its licenced service area.

(ii) Rate Applications:

As set out in the OEB’s Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, dated October 18, 2012, the OEB performs its rate-setting function using a combination of incentive rate-setting and cost of service rate-setting. Both rate-setting techniques are based on applications made by LDCs to the OEB. Provided an LDC meets OEB-specified performance parameters, the LDC can select from one of three rate-setting streams: 4th Generation Incentive Rate-setting, Custom Incentive Rate-setting, or Annual Incentive Rate-setting Index. Each of these streams entails different rate-setting schedules and substantive filing requirements. For all streams, the revenue requirement is established through a cost of service rate-setting application. The selection of stream determines the number of years that cost of service rate-setting application pertains to, and the number of years thereafter that the LDC is expected to file incentive rate-setting applications.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate Applications (continued):

Cost of service rate-setting applications recalculate the revenue requirement through a comprehensive review of an LDC's forecasted prudently incurred costs. Incentive rate-setting applications mechanistically adjust the revenue requirement using an OEB-prescribed formula. That formula was established on November 21, 2013, in the OEB's Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors.

The OEB last used the cost of service technique to set the Corporation's electricity distribution rates for rates effective May 1, 2009. Since that time, the Corporation's rates have been mechanistically adjusted by the OEB through incentive rate-setting. The Corporation is on the Annual Incentive Rate-setting Index stream. The Corporation may apply for rates using the cost of service technique at a time of its own choosing, provided that the Corporation continues to meet OEB-specified performance parameters. If the Corporation does not continue to meet those parameters, the OEB may mandate the Corporation to file a cost of service rate-setting application. Separate from the annual rate-setting process, in 2013, the Corporation filed an application with the OEB for recovery of its prudently incurred costs associated with the provincial smart metering initiative. The OEB granted the Corporation recovery of those costs beginning in 2014.

(iii) Conservation and Demand Management:

New LDC Licence Requirements – Conservation and Demand Management ("CDM") Targets:

On November 12, 2010, the OEB amended LDC licences to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Corporation's CDM targets include a demand reduction target of 26.81 MW and a consumption reduction target of 117.89 GWh.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(iii) Conservation and Demand Management (continued):

On December 21, 2012, the Minister of Energy gave direction to the Ontario Power Authority ("OPA") to extend the province-wide CDM programs for an additional one-year period from January 1, 2015 to December 31, 2015. The directive stated that the OPA shall take steps to enhance collaboration with distributors and seek to maximize administrative and delivery efficiencies. The Corporation is participating in that extended provincial initiative.

The Ministry of Energy has initiated a new CDM framework and provincial target for the period 2015-2020. That framework involves the LDCs, OEB, OPA, and Independent Electricity System Operator ("IESO"). In compliance with its amended OEB licence, the Corporation will begin operating CDM according to that framework and target in 2015-2016.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Financial instruments:

All financial assets and liabilities of the Corporation are classified into one of the following categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available for sale financial assets, financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Investment	Fair value through profit or loss
Accounts payable and accruals	Financial liabilities at amortized cost
Due to related parties	Financial liabilities at amortized cost
Long-term borrowings	Financial liabilities at amortized cost

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments classified as loans and receivables and financial liabilities at amortized cost, are measured at amortized cost. Financial instruments classified as fair value through profit and loss are measured at fair value.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(b) Inventory:

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis. Net realizable value is determined on a replacement cost basis.

(c) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's average cost of borrowing.

3. Significant accounting policies (continued):

(c) Property, plant and equipment (continued):

(i) Recognition and measurement (continued):

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation:

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 – 50 years
Distribution and metering equipment	8 – 80 years
Other assets	5 – 60 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3. Significant accounting policies (continued):

(d) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 - 10 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(e) Work in process:

Work in process is recorded at cost with cost being determined based on material purchased services, internal labour and overhead as applicable.

3. Significant accounting policies (continued):

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventory and work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date of any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss and are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

(g) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (“OMERS”). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings.

3. Significant accounting policies (continued):

(g) Employee future benefits (continued):

(i) Pension plan (continued):

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Corporation to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due. At December 31, 2015, the OMERS plan is in a deficit position.

(ii) Post-employment benefits, other than pension:

The Corporation pays certain health, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

The Corporation accrues the cost of these employee future benefits over the periods in which the employees earn the benefits. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. The current service cost for a period is equal to the actuarial present value of benefits attributed to that period in which employees rendered their services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Corporation determines the net interest expense on the net defined benefit liability for the period by

3. Significant accounting policies (continued):

(g) Employee future benefits (continued):

(ii) Post-employment benefits, other than pension (continued):

applying the discount rate used to measure the defined benefit liability at the beginning of the annual period, taking into account any changes in the net benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Gains and losses on account of curtailment or settlement of these employee future benefits are recognized immediately in profit or loss.

In accordance with the WSOA and Employee Arrangement Agreement between the Commission and the Corporation, the Plan was amended such that all active Commission management and union employees were included as part of the Plan, and have their coverage sponsored by the Corporation. A date of December 31, 2012 was assumed by the actuary to reflect this event in the Plan.

(h) Deferred revenue:

Certain customers and developers are required to contribute towards the capital cost of construction for new services. Cash contributions are initially recorded as current liabilities. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to a customers' capital contribution account.

The customers' capital contribution account, which represents the Corporation's obligation to provide the customers with access to electricity, is reported as deferred revenue, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset.

3. Significant accounting policies (continued):

(i) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB required that a customer's deposit be applied to the customer's account prior to the severance process commencing. OEB rules also specify when customer deposits in excess of unpaid account balances must be refunded to customers. Customer deposits are also refundable at the Corporation's discretion when a customer demonstrates an acceptable level of credit risk. The Corporation only retains commercial deposits. Customer deposits also includes monies received from developers and distribution customers for services that are recorded as construction in progress and, once the assets are put into service, will be accounted for through a capital contribution.

(j) Revenue recognition:

Revenue for the Corporation is recognized at approved rates as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used and as estimated from the IESO.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and other non-distribution costs of providing electricity service, such as transmission services, market operation services, and competitive retail services. The Corporation is required, pursuant to the regulation, to remit such amounts to the IESO and retailers, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for the sale of electricity and therefore has presented the electricity and service charge revenues on a gross basis.

Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

3. Significant accounting policies (continued):

(j) Revenue recognition (continued):

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this revenue stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Other income for work orders is recorded on a net basis as the Corporation is acting as an agent for this revenue stream. All other amounts in other income are recorded on a gross basis and are recognized when services are rendered.

(k) Lease payments:

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Finance costs:

Finance costs comprise interest expense on borrowings and unwinding of the discount rate on provisions.

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Under the Electricity Act 1998, the Corporation makes payments in lieu of corporate taxes to OEFC. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments in lieu of taxes ("PILS") are referred to as income taxes.

Current tax is the expected PILs payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (continued):

(m) Income taxes (continued):

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

(n) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(o) New standards and interpretations not yet adopted:

The following standards, which are not yet effective for the year ended December 31, 2015, have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

3. Significant accounting policies (continued):

(o) New standards and interpretations not yet adopted (continued):

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 16 Leases

IFRS 16, issued on January 13, 2016, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

(in thousands of Canadian dollars)

4. Cash and cash equivalents:

		2015		2014
Cash and cash equivalents	$	12,630	$	5,831
Cash and cash equivalents	$	12,630	$	5,831

The Corporation has an agreement with a Canadian chartered bank for an operating line of credit in the amount of $75,000 (2014 – $75,000) bearing interest at prime minus 0.25%. Effective February 2013, the borrower was amended to be Windsor Canada Utilities Ltd. The line of credit restricts the availability of the Corporation to lien assets.

5. Accounts receivable:

		2015		2014
Trade receivables	$	24,270	$	20,278
Unbilled revenue		27,921		27,738
Allowance for doubtful accounts		(1,046)		(1,249)
Accounts receivable	$	51,145	$	46,767

6. Inventory:

Inventory consists of parts and supplies acquired for capital, internal construction, maintenance or recoverable work.

The amount of inventory consumed by the Corporation during 2015 was $6,639 (2014 - $5,756).

(in thousands of Canadian dollars)

7. Investment:

In 2014, a sinking fund was established with the intent to ensure sufficient funds are available to settle debentures issued November 6, 2012, with a maturity date of November 6, 2042, in the amount of $51,000. There are no restrictions with this investment. Annual payments are expected to be completed to satisfy the obligation.

The investment is recorded at market value as of December 31, 2015, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	2015	2014
Investment	$ 3,787	$ 2,510
Investment	$ 3,787	$ 2,510

8. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in-progress	Total
Balance at January 1, 2014	$ 19,806	$ 176,820	$ 14,947	$ 15,570	$ 227,143
Additions	593	16,380	1,249	(8,141)	10,081
Disposals/retirements	-	(491)	-	-	(491)
Balance at December 31, 2014	$ 20,399	$ 192,709	$ 16,196	$ 7,429	$ 236,733
Balance at January 1, 2015	$ 20,399	$ 192,709	$ 16,196	$ 7,429	$ 236,733
Additions	127	21,524	962	(1,491)	21,121
Disposals/retirements	(25)	(545)	(112)	-	(682)
Balance at December 31, 2015	$ 20,501	$ 213,688	$ 17,046	$ 5,938	$ 257,173

(in thousands of Canadian dollars)

8. Property, plant and equipment (continued):

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2014	$ 2,580	$ 14,071	$ 5,435	$ -	$ 22,086
Depreciation charge for the year	854	5,303	1,838	-	7,995
Disposals/retirements	-	(55)	-	-	(55)
Balance at December 31, 2014	$ 3,434	$ 19,319	$ 7,273	$ -	$ 30,026
Balance at January 1, 2015	$ 3,434	$ 19,319	$ 7,273	$ -	$ 30,026
Depreciation charge for the year	878	5,635	1,635	-	8,148
Disposals/retirements	(2)	(74)	(104)	-	(180)
Balance at December 31, 2015	$ 4,310	$ 24,880	$ 8,804	$ -	$ 37,994

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2014	$ 16,965	$ 173,390	$ 8,923	$ 7,429	$ 206,707
December 31, 2015	$ 16,191	$ 188,808	$ 8,242	$ 5,938	$ 219,179

(in thousands of Canadian dollars)

8. Property, plant and equipment (continued):

(d) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment has been allocated to profit or loss as follows:

	Distribution expenses	Administration expenses	Total
December 31, 2014:			
Depreciation of property, plant and equipment	$ 5,308	$ 2,687	$ 7,995
	$ 5,308	$ 2,687	$ 7,995
December 31, 2015:			
Depreciation of property, plant and equipment	$ 5,639	$ 2,509	$ 8,148
	$ 5,639	$ 2,509	$ 8,148

9. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2014	$ 14,183
Additions	9,840
Disposals/retirements	-
Balance at December 31, 2014	$ 24,023
Balance at January 1, 2015	$ 24,023
Additions	1,510
Disposals/retirements	(2)
Balance at December 31, 2015	$ 25,531

(in thousands of Canadian dollars)

9. Intangible assets (continued):

(b) Accumulated amortization:

		Computer software
Balance at January 1, 2014	$	6,040
Amortization charge for the year		3,077
Disposals/retirements		-
Balance at December 31, 2014	$	9,117
Balance at January 1, 2015	$	9,117
Amortization charge for the year		3,597
Balance at December 31, 2015	$	12,714

(c) Carrying amounts:

		Computer software
December 31, 2014	$	14,906
December 31, 2015	$	12,817

Amortization expense of $3,597 (2014 - $3,077) is included in administration expenses on the statement of profit and other comprehensive income.

(in thousands of Canadian dollars)

10. Customer deposits:

Customer deposits represent cash deposits from electricity distribution commercial customers and construction deposits.

Customer deposits comprise:

	2015	2014
Customer deposits	$ 6,555	$ 6,629
Construction deposits	570	1,951
	7,125	8,580
Less: Current portion	1,121	1,004
	$ 6,004	$ 7,576

11. Long-term borrowings:

Long-term borrowings comprise:

	2015	2014
Debentures payable	$ 51,000	$ 51,000
Less debt issuance costs	(567)	(578)
	$ 50,433	$ 50,422

Senior unsecured debentures, which have a maturity date of November 6, 2042, and bearing interest at a rate of 4.134% per annum, were issued on November 6, 2012. Interest is payable in equal semi-annual instalments, in arrears, on May 6 and November 6 each year commencing May 6, 2013, until maturity. The debentures are represented by a single Global Debenture Certificate registered in the name of CDS & Co. In order to put the debentures in place, the Corporation incurred debt issuance costs in the amount of $601. The debentures require annual interest payments only to 2042 of $2,108, with a final principal payment of $51,000 due November 2042.

(in thousands of Canadian dollars)

11. Long-term borrowings (continued):

The Corporation incurred interest expense in respect of the debentures of $2,108 (2014 - $2,111), which is recognized as part of finance cost on the statement of profit and other comprehensive income.

12. Employee future benefits:

The Corporation pays certain health, dental and life insurance benefits on behalf of its retired employees. Significant assumptions underlying the actuarial valuation include management's best estimate of the interest (discount) rate, mortality decrement, the average retirement age of employees, employee turnover and expected health and dental care costs.

The plan was amended such that all active Commission management and union employees covered under the Commission collective agreement from July 1, 2012, would be included as part of the Plan and have their coverage sponsored by the Corporation. The December 31, 2012, date was chosen to reflect this event in the Plan. Reference note 1 for further information.

The Corporation measures its accrued benefit liability for accounting purposes as at December 31 each year. A valuation date of December 31, 2013, with extrapolation to December 31, 2015, has been used to calculate the current obligation. The Corporation's employee future benefit liability consists of the following:

	2015	2014
Defined benefit liability	$ 53,489	$ 51,101
Defined benefit liability, end of year	$ 53,489	$ 51,101

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

Information about the Corporation's unfunded defined benefit plan is as follows:

Changes in the present value of the defined benefit obligation:

		2015		2014
Defined benefit liability, beginning of year	$	51,101	$	41,396
Current service cost		2,539		2,301
Interest cost		2,020		1,953
Actuarial (gains) losses, on liability recognized in other comprehensive income		(941)		6,650
Benefits paid for the year		(1,230)		(1,199)
Defined benefit liability, end of year	$	53,489	$	51,101

Components of net benefit expense recognized are as follows:

		2015		2014
Current service cost	$	2,539	$	2,301
Interest cost		2,020		1,953
Net benefit expense recognized	$	4,559	$	4,254

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

Net benefit expense for the year is recognized as administrative expense on the statement of profit and other comprehensive income.

The main actuarial assumptions underlying the valuation are as follows:

(a) Health care cost trend rates:

The health care cost trend for prescription drugs is estimated at 6.9% in 2015 (7.1% in 2014) grading down to 4.5% by 2027. Other health expenses are estimated at 6.1% (6.23% in 2014) grading down to 4.5% by 2027. Dental expenses are estimated to increase at 4.0% (4.0% in 2014) per year.

The approximate effect on the accrued benefit liability and the estimated net benefit expense if the health care trend rate assumption was increased or decreased by 1% is as follows:

	Defined benefit liability	Periodic benefit cost
1% increase in health care trend rate	$ 10,524	$ 1,060
1% decrease in health care trend rate	(8,236)	(805)

(b) Discount rate:

The liabilities at the period end and the present value of future liabilities were determined using a discount rate of 4.1% (2014 - 4.0%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

(c) Mortality decrement:

The rates applicable to public sector retirees in the 2014 Canadian Pensioners Mortality table ("CPM 2014") produced by the Canadian Institute of Actuaries ("CIA") were used as the basis of these assumptions.

13. Pension plan:

The Corporation participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan has been accounted for as a defined contribution plan. Contributions during the year were 9.0% (2014 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2014 - 14.6%) thereafter. During 2015, the Corporation expensed contributions totalling $2,858 (2014 - $2,797) made to OMERS in respect of the employer's required contributions to the plan. Estimated contributions for 2016 are $2,990.

14. Income taxes (provision for payment in lieu of corporate taxes):

		2015		2014
Current tax expense:				
Current year	$	2,986	$	3,295
Adjustments for prior years		(18)		57
Deferred tax expense:				
Origination and reversal of temporary differences		1,670		(1,080)
Total income taxes expense	$	4,638	$	2,272

(in thousands of Canadian dollars)

14. Income taxes (provision for payment in lieu of corporate taxes) (continued):

The provision for income taxes varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2015	2014
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
(Decrease) increase in income tax resulting from:		
Items not deductible for tax purposes and other	(0.17)%	0.17%
Effective rate applied to comprehensive income before income taxes	26.33%	26.67%

The components of the deferred income tax assets and liabilities are summarized as follows:

	2015	2014
Deferred tax assets:		
Employee benefits	$ 7,203	$ 6,135
Property, plant and equipment	-	1,435
Intangible assets	1,155	1,241
Other	239	209
Deferred tax liabilities:		
Property, plant and equipment	687	-
Deferred debt issuance costs	-	25
Regulatory assets	490	-
Tax credits	-	20
Other	115	-
Net deferred income tax asset	$ 7,305	$ 8,975

At December 31, 2015, a deferred tax asset of $7,305 (2014 - $8,975) has been recorded. The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

(in thousands of Canadian dollars)

15. Share capital:

	2015	2014
Authorized:		
Unlimited common shares		
Issued:		
22,000 common shares	$ 62,008	$ 62,008

16. Other income:

Other income comprises:

	2015	2014
Change in occupancy	$ 380	$ 317
Late payment and collection charges	397	553
Other operating revenues	1,513	1,078
Loss on disposal of property, plant and equipment	(65)	(108)
Pole rental	560	542
Sale of scrap	184	204
Sewer surcharge billing and collecting	3,125	3,232
Total other income	$ 6,094	$ 5,818

17. Employee benefits:

	Note	2015	2014
Salaries and benefits		$ 24,640	$ 24,351
Contributions to multi-employer plan	13	2,858	2,797
Expenses related to defined benefit plans	12	4,559	4,254
		$ 32,057	$ 31,402

(in thousands of Canadian dollars)

18. Finance costs:

	2015	2014
Interest expense on financial liabilities measured at amortized cost	$ 2,539	$ 2,583
Discount on debentures	11	11
Finance costs recognized in profit or loss	$ 2,550	$ 2,594

19. Related party transactions:

(a) Parent and ultimate controlling party:

The parent is Windsor Canada Utilities Ltd ("WCUL"). The parent of WCUL and the ultimate controlling party of the Corporation is the Corporation of the City of Windsor ("the City"). WCUL and the City produce financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation has been defined as members of its board of directors and executive management team members.

Key management compensation:

	2015	2014
Salaries and other short-term benefits	$ 863	$ 683
Post-employment benefits	9	8
	$ 872	$ 691

(c) Transactions with parent and ultimate controlling party:

The Corporation provides waste water billing and related services for the City, for which the Corporation charges a fee. The total amount charged to the City for the year ended December 31, 2015, was $3,125 (2014 - $3,232). The fee charged for the waste water billing and related services is recognized as other income from operations on the statement of profit and other comprehensive income.

(in thousands of Canadian dollars)

19. Related party transactions (continued):

(c) Transactions with parent and ultimate controlling party (continued):

The Corporation collects and remits the waste water billing amounts on behalf of the City. The total amount owing to the City at December 31, 2015, relating to waste water billing was $5,696 (2014 - $5,492).

(d) Transactions with entities under common control:

On November 6, 2012, the Corporation and the Commission entered into a WSOA, whereby the Corporation agreed to provide services to the Commission with respect to the operation of the Commission's water system and District Energy. The total amount charged to the Commission for the year ended December 31, 2015, was $20,503 (2014 – $20,561).

Under a Management Services Agreement effective January 1, 2000, the Corporation provides certain finance, administration, human resources, management and other support services to its affiliate, Energy. The total amount charged to Energy for the year ended December 31, 2015, was $634 (2014 - $491).

(e) Amounts due from (to) related parties:

The amounts due from related parties consist of:

	2015	2014
Due from companies under common control:		
Due from Windsor Utilities Commission	$ 3,114	$ 1,186
Due from Enwin Energy Ltd.	805	243
Due from ultimate parent:		
Due from the Corporation of the City of Windsor	-	396
	$ 3,919	$ 1,825

The amounts due from the City, the Commission and Energy are due on demand and are non-interest bearing. These amounts have no specified repayment terms.

(in thousands of Canadian dollars)

19. Related party transactions (continued):

(e) Amounts due from (to) related parties (continued):

Long term receivable due from related parties consist of:

	Note		2015		2014
Due from Windsor Utilities Commission	12	$	5,342	$	6,164
			5,342		6,164
Less: Current portion			822		822
		$	4,520	$	5,342

This long term receivable resulted from the Employee Arrangement Agreement and is amortized over the estimated average remaining service life at the time of the agreement which was 9.5 years payable each November.

The amounts due to related parties consist of:

		2015		2014
Due to companies under common control:				
Promissory note to EnWin Energy Ltd.	$	15,000	$	15,000
Due to ultimate parent:				
Due to the Corporation of the City of Windsor		5,961		5,295
	$	20,961	$	20,295

The promissory note to Energy is due on demand, unsecured and bears interest at the Royal Bank of Canada prime rate.

The amounts due to the City are unsecured and are non-interest bearing.

(in thousands of Canadian dollars)

20. Financial instruments and risk management:

The carrying values of cash and cash equivalents, accounts receivable, amounts due from (to) related parties, accounts payable and accruals approximate fair values because of the short maturity of these instruments.

The fair value of the debentures is $52,122 (2014 - $52,145). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of the investment is $3,787 (2014 - $2,510). The fair value is calculated based on the quoted market price in the active markets.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

The aging of accounts receivables at the reporting date was:

		2015		2014
Not past due	$	35,345	$	41,724
Past due 0 – 30 days		12,886		2,949
Past due 31 – 60 days		1,170		422
Greater than 60 days		1,744		1,672
	$	51,145	$	46,767

The Corporation's allowance for doubtful accounts was $1,046 at December 31, 2015 (2014 - $1,249).

(i) Credit risk:

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 6% of revenues.

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(i) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the statement of profit and other comprehensive income. Subsequent recoveries of receivables previously provisioned are credited to the statement of profit and other comprehensive income. The balance of the allowance for impairment at December 31, 2015, is $1,046 (2014 - $1,249). The Corporation's credit risk associated with accounts receivable is primarily related to payments from customers. At December 31, 2015, approximately $1,414 (2014 - $1,575) is considered 60 days past due. Credit risk is managed through collection of security deposits from customers in accordance with OEB regulation. As of December 31, 2014, the Corporation holds security deposits in the amount of $6,555 (2014 - $6,629).

(ii) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The following are the contractual maturities of financial liabilities:

2015	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Customer deposits	$ 7,125	$ (7,125)	$ (561)	$ (560)	$ (1,121)	$ (4,883)
Accounts payable and accruals	30,447	(30,447)	(30,311)	(136)	-	-
Due to related parties	20,961	(20,961)	(5,961)	-	-	(15,000)
Debentures	50,433	(51,000)	-	-	-	(51,000)
	$ 108,966	$ (109,533)	$ (36,833)	$ (696)	$ (1,121)	$(70,883)

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

2014	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Customer deposits	$ 8,580	$ (8,580)	$ (502)	$ (502)	$ (1,004)	$ (6,572)
Accounts payable and accruals	28,395	(28,395)	(28,272)	(123)	-	-
Due to related parties	20,295	(20,295)	(5,295)	-	-	(15,000)
Debentures	50,422	(51,000)	-	-	-	(51,000)
	$ 107,692	$ (108,270)	$ (34,069)	$ (625)	$ (1,004)	$ (72,572)

(iii) Market risk:

Market risks primarily refer to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates because the OEB-prescribed regulated rate of return for the Corporation’s distribution business, which allows for the recovery of the prudent cost of capital, is derived in part based on the forecast for long-term Government of Canada bonds yields.

(iv) Capital disclosures:

The main objectives of the Corporation when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation’s definition of capital includes shareholder’s equity and long-term debt. As at December 31, 2015, shareholder’s equity amounts to $144,622 (2014 - $134,651) and long-term debt amounts to $50,433 (2014 - $50,422).

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(iv) Capital disclosures (continued):

Through rate-setting, the OEB determines the prudent costs of capital that are recoverable by the Corporation in relation to the distribution business. These costs of capital are the interest on debt and return on equity The OEB permits recovery on the basis of a deemed capital structure of 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term debt. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term debt.

21. Accounts payable and accruals:

	2015	2014
Trade payables	$ 25,675	$ 24,104
Accrued expenses	4,772	4,291
	$ 30,447	$ 28,395

See accounting policies in Note 3(a). Information about the Corporation's exposure to currency and liquidity risk is included in Note 20.

(in thousands of Canadian dollars)

22. Commitments and contingencies:

Commitments

Leases

The Corporation has entered into non-cancellable operating leases for vehicle equipment. Minimum lease payments required are as follows:

2016	$	833
2017-2020		1,930
Greater than 5 years		165
Total	$	2,928

Contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance

The Corporation is a member of the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2015, the Corporation has not been made aware of any additional assessments that have not been accrued.

(in thousands of Canadian dollars)

22. Commitments and contingencies (continued):

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2019. Notice to withdraw from MEARIE must be given six months prior to the commencement of the next three-year underwriting term. The Corporation did not provide any notice to withdraw.

23. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the statement of profit and other comprehensive income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to increase (decrease) comprehensive income as follows:

		2015		2014
Gross profit				
Retail settlement variance	$	3,643	$	599
PILS		(687)		(1,670)
Expenses				
Retail cost variance		(129)		(120)
Property, plant and equipment (Smart Meters)		96		416
Future PILS		(1,670)		1,080
Disposition and recovery of regulatory balances		(843)		(1,745)
Increase (decrease) in comprehensive income	$	410	$	(1,440)

Financial Statements of

ENWIN UTILITIES LTD.

Year ended December 31, 2016

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of EnWin Utilities Ltd.

We have audited the accompanying financial statements of EnWin Utilities Ltd., which comprise the balance sheet as at December 31, 2016, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EnWin Utilities Ltd., as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 25, 2017

Windsor, Canada

ENWIN UTILITIES LTD.
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Year ended December 31, 2016

Financial statements:

ENWIN UTILITIES LTD.
Balance Sheet
(In thousands of Canadian dollars)

December 31, 2016, with comparative information for 2015

	Notes		2016		2015
Assets					
Current assets:					
Cash and cash equivalents	4	$	15,144	$	12,630
Accounts receivable	5		56,343		51,145
Payments in lieu of income taxes receivable	14		-		376
Due from related parties	19		3,767		3,919
Inventory	6		5,195		3,492
Other assets			1,818		1,302
Total current assets			**82,267**		**72,864**
Property, plant and equipment	8		223,523		219,179
Intangible assets	9		11,756		12,817
Investment	7		5,133		3,787
Work in progress			426		357
Due from related party	19		3,699		4,520
Deferred income taxes	14		7,463		7,305
Total non-current assets			**252,000**		**247,965**
Total assets		$	**334,267**	$	**320,829**
Liabilities					
Current liabilities:					
Accounts payable and accruals	21	$	32,321	$	30,447
Payments in lieu of income taxes payable	14		1,579		-
Due to related parties	19		13,977		20,961
Current portion of customer deposits	10		1,122		1,121
Deferred revenue			3,556		3,743
Total current liabilities			**52,555**		**56,272**
Customer deposits	10		6,351		6,004
Deferred revenue - customer contributions			10,809		10,009
Long-term borrowings	11		50,445		50,433
Employee future benefits	12		59,475		53,489
Total non-current liabilities			**127,080**		**119,935**
Total liabilities			**179,635**		**176,207**
Equity					
Common shares	15		62,008		62,008
Contributed surplus			516		516
Retained earnings			95,912		83,781
Accumulated other comprehensive loss			(3,804)		(1,683)
Total equity			**154,632**		**144,622**
Commitments and contingencies	22				
Total liabilities and equity		$	**334,267**	$	**320,829**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Director

Director

ENWIN UTILITIES LTD.

Statement of Income and Other Comprehensive Income
(In thousands of Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	Notes	2016	2015
Customer billing for electricity and service charges		$ 336,988	$ 299,473
Cost of electricity purchased		280,944	248,714
Gross profit		**56,044**	**50,759**
Services provided to Windsor Utilities Commission	19	20,547	20,503
Services provided to Enwin Energy Ltd.	19	648	634
Other income	16	6,049	6,094
Other revenue		**27,244**	**27,231**
Distribution expenses		10,516	9,773
Administration expenses		49,361	49,177
Total expenses		**59,877**	**58,950**
Results from operating activities		**23,411**	**19,040**
Finance expense (income):			
Finance income	18	(352)	(218)
Finance expense	18	2,560	2,590
		2,208	**2,372**
Income before tax		**21,203**	**16,668**
Income taxes:			
Provision for payments in lieu of corporate taxes	14	5,230	2,719
Deferred income taxes	14	(158)	1,670
		5,072	4,389
Income for the year		16,131	12,279
Other comprehensive income (loss):			
Remeasurement of employee future benefits (loss) income	12	(2,885)	941
Related tax	14	764	(249)
Other comprehensive income (loss)		**(2,121)**	**692**
Total comprehensive income for the year		$ **14,010**	$ **12,971**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2015	$ 62,008	$ 516	$ 74,502	$ (2,375)	$ 134,651
Income for the year	-	-	12,279	-	12,279
Dividends declared	-	-	(3,000)	-	(3,000)
Other comprehensive income	-	-	-	692	692
Balance at December 31, 2015	$ 62,008	$ 516	$ 83,781	$ (1,683)	$ 144,622
Income for the year	-	-	16,131	-	16,131
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	(2,121)	(2,121)
Balance at December 31, 2016	$ 62,008	$ 516	$ 95,912	$ (3,804)	$ 154,632

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	Note	2016	2015
Cash flows from operating activities:			
Total comprehensive income for the year		$ 14,010	$ 12,971
Adjustments for:			
Depreciation and amortization	8, 9	12,379	11,745
Amortization of deferred revenue customer contribution		(270)	(219)
Actuarial losses (gains) post-retirement	12	2,885	(941)
Loss (gain) on sale of property, plant and equipment		(178)	65
Net finance expense	18	2,208	2,372
Income tax expense	14	4,308	4,638
		35,342	30,631
Changes in:			
Accounts receivable		(5,198)	(4,378)
Due from related parties		152	(2,094)
Inventory		(1,703)	83
Other assets		(516)	(359)
Work in process		(69)	35
Deferred income taxes		(158)	1,670
Accounts payable and accruals		1,874	2,052
PIL of income taxes		501	(497)
Due to related parties		(6,984)	666
Deferred revenue		(187)	3,341
Customer deposits		348	(1,455)
Vested sick leave		-	(1)
Employee benefits		3,101	3,329
		(8,839)	2,392
Interest paid		(2,195)	(2,361)
Income taxes paid		(2,854)	(3,221)
Net cash from operating activities		**21,454**	**27,441**
Cash flows from investing activities:			
Acquisition of property, plant and equipment and intangible assets	8, 9	(16,140)	(22,631)
Deferred revenue - customer contributions		1,070	5,006
Acquisition of investments	7	(1,200)	(1,200)
Gain on investment	7	(146)	(77)
Proceeds on sale of property, plant and equipment		655	438
Net cash used in investing activities		**(15,761)**	**(18,464)**
Cash flows from financing activities:			
Decrease in due from related parties	19	821	822
Dividends paid		(4,000)	(3,000)
Net cash used in financing activities		**(3,179)**	**(2,178)**
Net increase in cash and cash equivalents		2,514	6,799
Cash and cash equivalents at January 1		12,630	5,831
Cash and cash equivalents at December 31		$ 15,144	$ 12,630

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Table of Contents to Notes to Financial Statements

Year ended December 31, 2016

1. Reporting entity:

EnWin Utilities Ltd. (the "Corporation") is a local distribution company that owns and operates the electricity distribution grid in the City of Windsor. In accordance with the Electricity Act, 1998, the Corporation was incorporated in December of 1999 under the Business Corporations Act (Ontario). The address of the Corporation's registered office is 787 Ouellette Avenue, Windsor, Ontario, Canada. The Corporation is 100% owned by Windsor Canada Utilities Ltd. ("WCU"), which is in turn 100% owned by the Corporation of the City of Windsor (the "City").

On November 6, 2012, the Corporation and the Windsor Utilities Commission (the "Commission") entered into a Water System Operating Agreement ("WSOA"), whereby the Corporation agreed to provide services to the Commission with respect to operating the water treatment and distribution system as well as District Energy. The services include: management, administrative services, construction operations, and maintenance services. The Corporation is responsible for providing all personnel required to operate the water system and District Energy. Pursuant to the terms of the WSOA and the associated Employee Arrangement Agreement, also dated November 6, 2012, the Commission transferred all non-unionized employees and all unionized employees of the Commission to the Corporation. The Commission is a local board of the City.

The Corporation provides billing, credit, financial, and customer service on behalf of the City in relation to waste water.

The Corporation also provides billing, credit, financial, customer service and other support services on behalf of EnWin Energy Ltd. ("Energy") in relation to sentinel lighting and street light maintenance.

The Corporation's arrangements with these affiliates are subject to the Ontario Energy Board's Affiliate Relationships Code (the "ARC"), which is a code prescribed by and issued pursuant to the Ontario Energy Board Act, 1998.

2. Basis of preparation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on April 25, 2017.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) The accrued benefit related to the Corporation's unfunded defined benefit plan is actuarially determined and is measured at the present value of the defined benefit obligation.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand dollars.

(e) Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, significant areas where upon estimation was required that have the most significant effect on the amounts recognized in these financial statements, include:

(i) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed
(ii) Note 8 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment
(iii) Note 12 – Employee future benefits: measurement of the defined benefit obligation
(iv) Note 20 – Financial instruments and risk management: valuation of financial instruments

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, include:

(i) the Corporation's determination that they are acting as a principal for electricity distribution and therefore have presented the electricity revenues on a gross basis

(f) Rate regulation:

Effect of rate-setting regulations on the Corporation's activities and on these financial statements:

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

The Ontario Energy Board Act, 1998 conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the distribution of electricity and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct business, and filing and process requirements for rate setting purposes.

(i) Rate setting:

The electricity distribution rates and other regulated charges of the Corporation are determined by the OEB. This regulated rate-setting provides LDCs with the opportunity to recover the revenue requirement associated with owning and operating the LDC. The revenue requirement represents the forecasted prudent costs, including the cost of capital, that will be reasonably necessary for the LDC to invest in the electricity grid, operate the electricity grid, and serve customers in its licenced service area.

(ii) Rate Applications:

As set out in the OEB's Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, dated October 18, 2012, the OEB performs its rate-setting function using a combination of incentive rate-setting and cost of service rate-setting. Both rate-setting techniques are based on applications made by LDCs to the OEB. Provided an LDC meets OEB-specified performance parameters, the LDC can select from one of three rate-setting streams: 4th Generation Incentive Rate-setting, Custom Incentive Rate-setting, or Annual Incentive Rate-setting Index. Each of these streams entails different rate-setting schedules and substantive filing requirements. For all streams, the revenue requirement is established through a cost of service rate-setting application. The selection of stream determines the number of years that cost of service rate-setting application pertains to, and the number of years thereafter that the LDC is expected to file incentive rate-setting applications.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate Applications (continued):

Cost of service rate-setting applications recalculate the revenue requirement through a comprehensive review of an LDC's forecasted prudently incurred costs. Incentive rate-setting applications mechanistically adjust the revenue requirement using an OEB-prescribed formula. That formula was established on November 21, 2013, in the OEB's Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors.

The OEB last used the cost of service technique to set the Corporation's electricity distribution rates for rates effective May 1, 2009. Since that time, the Corporation's rates have been mechanistically adjusted by the OEB through incentive rate-setting. The Corporation is on the Annual Incentive Rate-setting Index stream. The Corporation may apply for rates using the cost of service technique at a time of its own choosing, provided that the Corporation continues to meet OEB-specified performance parameters. If the Corporation does not continue to meet those parameters, the OEB may mandate the Corporation to file a cost of service rate-setting application. Separate from the annual rate-setting process, in 2013, the Corporation filed an application with the OEB for recovery of its prudently incurred costs associated with the provincial smart metering initiative. The OEB granted the Corporation recovery of those costs beginning in 2014.

(iii) Conservation and Demand Management:

New LDC Licence Requirements – Conservation and Demand Management ("CDM") Targets:

On November 12, 2010, the OEB amended LDC licences to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Corporation's CDM targets include a demand reduction target of 26.81 MW and a consumption reduction target of 117.89 GWh.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(iii) Conservation and Demand Management (continued):

On December 21, 2012, the Minister of Energy gave direction to the Ontario Power Authority ("OPA") to extend the province-wide CDM programs for an additional one-year period from January 1, 2015 to December 31, 2015. The directive stated that the OPA shall take steps to enhance collaboration with distributors and seek to maximize administrative and delivery efficiencies. The Corporation participated in that extended provincial initiative.

The Ministry of Energy has initiated a new CDM framework and provincial target for the period 2015-2020. That framework involves the LDCs, OEB, OPA, and Independent Electricity System Operator ("IESO"). In compliance with its amended OEB licence, the Corporation began operating CDM according to that framework and target in 2015-2016.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Financial instruments:

All financial assets and liabilities of the Corporation are classified into one of the following categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available for sale financial assets, financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Investment	Fair value through profit or loss
Accounts payable and accruals	Financial liabilities at amortized cost
Due to related parties	Financial liabilities at amortized cost
Long-term borrowings	Financial liabilities at amortized cost

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments classified as loans and receivables and financial liabilities at amortized cost, are measured at amortized cost. Financial instruments classified as fair value through profit and loss are measured at fair value.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(b) Inventory:

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis. Net realizable value is determined on a replacement cost basis.

(c) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's average cost of borrowing.

3. Significant accounting policies (continued):

(c) Property, plant and equipment (continued):

(i) Recognition and measurement (continued):

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income as incurred.

(iii) Depreciation:

Depreciation is recognized in income on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 – 50 years
Distribution and metering equipment	8 – 80 years
Other assets	5 – 60 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in income.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3. Significant accounting policies (continued):

(d) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Amortization:

Amortization is recognized in income on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 - 10 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(e) Work in process:

Work in process is recorded at cost with cost being determined based on material purchased services, internal labour and overhead as applicable.

3. Significant accounting policies (continued):

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in income.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventory, work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in income and are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

(g) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings.

3. Significant accounting policies (continued):

(g) Employee future benefits (continued):

(i) Pension plan (continued):

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Corporation to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income when they are due. At December 31, 2016, the OMERS plan is in a deficit position.

(ii) Post-employment benefits, other than pension:

The Corporation pays certain health, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

The Corporation accrues the cost of these employee future benefits over the periods in which the employees earn the benefits. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. The current service cost for a period is equal to the actuarial present value of benefits attributed to that period in which employees rendered their services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Corporation determines the net interest expense on the net defined benefit liability for the period by

3. Significant accounting policies (continued):

(g) Employee future benefits (continued):

(ii) Post-employment benefits, other than pension (continued):

applying the discount rate used to measure the defined benefit liability at the beginning of the annual period, taking into account any changes in the net benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in income.

Gains and losses on account of curtailment or settlement of these employee future benefits are recognized immediately in income.

In accordance with the WSOA and Employee Arrangement Agreement between the Commission and the Corporation, the Plan was amended such that all active Commission management and union employees were included as part of the Plan, and have their coverage sponsored by the Corporation. A date of December 31, 2012 was assumed by the actuary to reflect this event in the Plan.

(h) Deferred revenue:

Certain customers and developers are required to contribute towards the capital cost of construction for new services. Cash contributions are initially recorded as current liabilities. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to a customers' capital contribution account.

The customers' capital contribution account, which represents the Corporation's obligation to provide the customers with access to electricity, is reported as deferred revenue, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset.

3. Significant accounting policies (continued):

(i) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB required that a customer's deposit be applied to the customer's account prior to the severance process commencing. OEB rules also specify that customer deposits in excess of unpaid account balances must be refunded to customers. Customer deposits are also refundable at the Corporation's discretion when a customer demonstrates an acceptable level of credit risk. The Corporation only retains commercial deposits. Customer deposits also includes monies received from developers and distribution customers for services that are recorded as construction in progress and, once the assets are put into service, will be accounted for through a capital contribution.

(j) Revenue recognition:

Revenue for the Corporation is recognized at approved rates as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used and as estimated from the IESO.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and other non-distribution costs of providing electricity service, such as transmission services, market operation services, and competitive retail services. The Corporation is required, pursuant to the regulation, to remit such amounts to the IESO and retailers, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for the sale of electricity and therefore has presented the electricity and service charge revenues on a gross basis.

Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

3. Significant accounting policies (continued):

(j) Revenue recognition (continued):

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this revenue stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation (“OEFC”) once each year.

Other income for work orders is recorded on a net basis as the Corporation is acting as an agent for this revenue stream. All other amounts in other income are recorded on a gross basis and are recognized when services are rendered.

(k) Lease payments:

Payments made under operating leases are recognized in income on a straight-line basis over the term of the lease.

(l) Finance costs:

Finance costs comprise interest expense on borrowings and unwinding of the discount rate on provisions.

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in income except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Under the Electricity Act 1998, the Corporation makes payments in lieu of corporate taxes to OEFC. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments in lieu of taxes (“PILS”) are referred to as income taxes.

Current tax is the expected PILs payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (continued):

(m) Income taxes (continued):

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

(n) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(o) New standards and interpretations not yet adopted:

The following standards, which are not yet effective for the year ended December 31, 2016, have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

3. Significant accounting policies (continued):

(o) New standards and interpretations not yet adopted (continued):

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 16 Leases

IFRS 16, issued on January 13, 2016, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

3. Significant accounting policies (continued):

(o) New standards and interpretations not yet adopted (continued):

Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2017. The Corporation does not expect these amendments to have a material impact on the financial statements.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of these amendments has not yet been determined

(in thousands of Canadian dollars)

4. Cash and cash equivalents:

	2016	2015
Cash and cash equivalents	$ 15,144	$ 12,630
Cash and cash equivalents	$ 15,144	$ 12,630

5. Accounts receivable:

	2016	2015
Trade receivables	$ 26,026	$ 24,270
Unbilled revenue	31,568	27,921
Allowance for doubtful accounts	(1,251)	(1,046)
Accounts receivable	$ 56,343	$ 51,145

6. Inventory:

Inventory consists of parts and supplies acquired for capital, internal construction, maintenance or recoverable work.

The amount of inventory consumed by the Corporation during 2016 was $5,266 (2015 - $6,639).

(in thousands of Canadian dollars)

7. Investment:

In 2014, a sinking fund was established with the intent to ensure sufficient funds are available to settle the long-term borrowings issued November 6, 2012, with a maturity date of November 6, 2042, in the amount of $51,000. There are no restrictions with this investment. Annual payments are expected to be completed to satisfy the obligation.

The investment is recorded at market value as of December 31, 2016, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	2016	2015
Investment	$ 5,133	$ 3,787
Investment	$ 5,133	$ 3,787

8. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2015	$ 20,399	$ 192,709	$ 16,196	$ 7,429	$ 236,733
Additions	127	21,524	962	(1,491)	21,121
Disposals/retirements	(25)	(545)	(112)	-	(682)
Balance at December 31, 2015	$ 20,501	$ 213,688	$ 17,046	$ 5,938	$ 257,173
Balance at January 1, 2016	$ 20,501	$ 213,688	$ 17,046	$ 5,938	$ 257,173
Additions	246	14,286	1,370	(2,558)	13,344
Disposals/retirements	(8)	(576)	(2)	-	(586)
Balance at December 31, 2016	$ 20,739	$ 227,398	$ 18,414	$ 3,380	$ 269,931

(in thousands of Canadian dollars)

8. Property, plant and equipment (continued):

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2015	$ 3,434	$ 19,319	$ 7,273	$ -	$ 30,026
Depreciation charge for the year	878	5,635	1,635	-	8,148
Disposals/retirements	(2)	(74)	(104)	-	(180)
Balance at December 31, 2015	$ 4,310	$ 24,880	$ 8,804	$ -	$ 37,994
Balance at January 1, 2016	$ 4,310	$ 24,880	$ 8,804	$ -	$ 37,994
Depreciation charge for the year	901	5,991	1,630	-	8,522
Disposals/retirements	-	(107)	(1)	-	(108)
Balance at December 31, 2016	$ 5,211	$ 30,764	$ 10,433	$ -	$ 46,408

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2015	$ 16,191	$ 188,808	$ 8,242	$ 5,938	$ 219,179
December 31, 2016	$ 15,528	$ 196,634	$ 7,981	$ 3,380	$ 223,523

(in thousands of Canadian dollars)

8. Property, plant and equipment (continued):

(d) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment has been allocated to income as follows:

	Distribution expenses	Administration expenses	Total
December 31, 2015: Depreciation of property, plant and equipment	$ 5,639	$ 2,509	$ 8,148
	$ 5,639	$ 2,509	$ 8,148
December 31, 2016: Depreciation of property, plant and equipment	$ 5,996	$ 2,526	$ 8,522
	$ 5,996	$ 2,526	$ 8,522

Depreciation expense of $8,522 (2015 - $8,148) is included in administration expenses on the statement of income and other comprehensive income.

9. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2015	$ 24,023
Additions	1,510
Disposals/retirements	(2)
Balance at December 31, 2015	$ 25,531
Balance at January 1, 2016	$ 25,531
Additions	2,796
Disposals/retirements	-
Balance at December 31, 2016	$ 28,327

(in thousands of Canadian dollars)

9. Intangible assets (continued):

(b) Accumulated amortization:

		Computer software
Balance at January 1, 2015	$	9,117
Amortization charge for the year		3,597
Balance at December 31, 2015	$	12,714
Balance at January 1, 2016	$	12,714
Amortization charge for the year		3,857
Balance at December 31, 2016	$	16,571

(c) Carrying amounts:

		Computer software
December 31, 2015	$	12,817
December 31, 2016	$	11,756

Amortization expense of $3,857 (2015 - $3,597) is included in administration expenses on the statement of income and other comprehensive income.

(in thousands of Canadian dollars)

10. Customer deposits:

Customer deposits represent cash deposits from electricity distribution commercial customers and construction deposits.

Customer deposits comprise:

	2016	2015
Customer deposits	$ 6,467	$ 6,555
Construction deposits	1,006	570
	7,473	7,125
Less: Current portion	1,122	1,121
	$ 6,351	$ 6,004

11. Long-term borrowings:

Long-term borrowings comprise:

	2016	2015
Promissory note payable	$ 51,000	$ 51,000
Less debt issuance costs	(555)	(567)
	$ 50,445	$ 50,433

The promissory note payable is due to Windsor Canada Utilities Ltd. (WCU), the parent company of the Corporation. On November 12, 2012 WCU issued a $103,000 debenture from which proceeds of $51,000 where advanced to the Corporation under this unsecured promissory note. The note has terms consistent with WCU debenture including a maturity date of November 6, 2042, and bears interest at a rate of 4.134% per annum. Interest is payable in equal semi-annual instalments of $1,054, in arrears, on May 6 and November 6 each year commencing May 6, 2013. In order to put the debt in place, the Corporation incurred debt issuance costs in the amount of $601.

(in thousands of Canadian dollars)

11. Long-term borrowings (continued):

The Corporation incurred interest expense in respect of the promissory note payable of $2,108 (2015 - $2,108), which is recognized as part of finance cost on the statement of income and other comprehensive income.

12. Employee future benefits:

The Corporation pays certain health, dental and life insurance benefits on behalf of its retired employees. Significant assumptions underlying the actuarial valuation include management's best estimate of the interest (discount) rate, mortality decrement, the average retirement age of employees, employee turnover and expected health and dental care costs.

The plan was amended such that all active Commission management and union employees covered under the Commission collective agreement from July 1, 2012, would be included as part of the Plan and have their coverage sponsored by the Corporation. The December 31, 2012, date was chosen to reflect this event in the Plan. Reference note 1 for further information.

The Corporation measures its accrued benefit liability for accounting purposes as at December 31 each year. A valuation date of December 31, 2016 has been used to calculate the current obligation. The Corporation's employee future benefit liability consists of the following:

	2016	2015
Defined benefit liability	$ 59,475	$ 53,489
Defined benefit liability, end of year	$ 59,475	$ 53,489

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

Information about the Corporation's unfunded defined benefit plan is as follows:

Changes in the present value of the defined benefit obligation:

	2016	2015
Defined benefit liability, beginning of year	$ 53,489	$ 51,101
Current service cost	2,281	2,539
Interest cost	2,161	2,020
Actuarial losses (gains), on liability recognized in other comprehensive income	2,885	(941)
Benefits paid for the year	(1,341)	(1,230)
Defined benefit liability, end of year	$ 59,475	$ 53,489

Components of net benefit expense recognized are as follows:

	2016	2015
Current service cost	$ 2,281	$ 2,539
Interest cost	2,161	2,020
Net benefit expense recognized	$ 4,442	$ 4,559

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

Net benefit expense for the year is recognized as administrative expense on the statement of income and other comprehensive income.

The main actuarial assumptions underlying the valuation are as follows:

(a) Health care cost trend rates:

The health care cost trend for prescription drugs is estimated at 6.5% in 2016 (6.9% in 2015) grading down to 4.5% by 2027. Other health expenses are estimated at 5.97% (6.1% in 2015) grading down to 4.5% by 2027. Dental expenses are estimated to increase at 4.0% (4.0% in 2015) per year.

The approximate effect on the accrued benefit liability and the estimated net benefit expense if the health care trend rate assumption was increased or decreased by 1% is as follows:

	Defined benefit liability	Periodic benefit cost
1% increase in health care trend rate	$ 10,349	$ 1,109
1% decrease in health care trend rate	(8,208)	(843)

(b) Discount rate:

The liabilities at the period end and the present value of future liabilities were determined using a discount rate of 3.9% (2015 - 4.1%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

(in thousands of Canadian dollars)

12. Employee future benefits (continued):

(c) Mortality decrement:

The rates applicable to public sector retirees in the 2014 Canadian Pensioners Mortality table ("CPM 2014") produced by the Canadian Institute of Actuaries ("CIA") were used as the basis of these assumptions.

13. Pension plan:

The Corporation participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan has been accounted for as a defined contribution plan. Contributions during the year were 9.0% (2015 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2015 - 14.6%) thereafter. During 2016, the Corporation expensed contributions totalling $2,941 (2015 - $2,858) made to OMERS in respect of the employer's required contributions to the plan. Estimated contributions for 2017 are $3,021.

14. Income taxes (provision for payment in lieu of corporate taxes):

	2016	2015
Current tax expense:		
Current year	$ 4,583	$ 2,986
Adjustments for prior years	(117)	(18)
Deferred tax expense:		
Origination and reversal of temporary differences	(158)	1,670
Total income taxes expense	$ 4,308	$ 4,638

(in thousands of Canadian dollars)

14. Income taxes (provision for payment in lieu of corporate taxes) (continued):

The provision for income taxes varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2016	2015
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Decrease in income tax resulting from:		
Items not deductible for tax purposes and other	(2.58)%	(0.17)%
Effective rate applied to comprehensive income before income taxes	23.92%	26.33%

The components of the deferred income tax assets and liabilities are summarized as follows:

	2016	2015
Deferred tax assets:		
Employee benefits	$ 9,008	$ 7,203
Intangible assets	1,074	1,155
Other	278	239
Deferred tax liabilities:		
Property, plant and equipment	1,854	687
Regulatory assets	926	490
Other	117	115
Net deferred income tax asset	$ 7,463	$ 7,305

At December 31, 2016, a deferred tax asset of $7,463 (2015 - $7,305) has been recorded. The utilization of this tax asset is dependent on future taxable income in excess of income arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

(in thousands of Canadian dollars)

15. Share capital:

		2016		2015
Authorized:				
Unlimited common shares				
Issued:				
22,000 common shares	$	62,008	$	62,008

16. Other income:

Other income comprises:

		2016		2015
Change in occupancy	$	417	$	380
Late payment and collection charges		404		397
Other operating revenues		1,306		1,513
Gain (loss) on disposal of property, plant and equipment		178		(65)
Pole rental		588		560
Sale of scrap		128		184
Sewer surcharge billing and collecting		3,028		3,125
Total other income	$	6,049	$	6,094

17. Employee benefits:

	Note		2016		2015
Salaries and benefits		$	24,361	$	24,640
Contributions to multi-employer plan	13		2,941		2,858
Expenses related to defined benefit plans	12		4,442		4,559
		$	31,744	$	32,057

(in thousands of Canadian dollars)

18. Finance expense (income):

		2016		2015
Finance income				
Interest income on bank balances	$	(206)	$	(141)
Income on investment		(146)		(77)
		(352)		(218)
Finance expense				
Interest expense on long-term borrowings		2,108		2,108
Interest expense on related party debt		394		418
Interest expense on customer deposits		46		53
Discount on long-term borrowings		12		11
		2,560		2,590
Net finance expense	$	2,208		2,372

19. Related party transactions:

(a) Parent and ultimate controlling party:

The parent is WCU. The parent of WCU and the ultimate controlling party of the Corporation is the Corporation of the City of Windsor (“the City”). WCU and the City produce financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation has been defined as members of its board of directors and executive management team members.

Key management compensation:

		2016		2015
Salaries and other short-term benefits	$	792	$	862
Post-employment benefits		12		9
	$	804	$	871

(in thousands of Canadian dollars)

19. Related party transactions (continued):

(c) Transactions with parent and ultimate controlling party:

The Corporation provides waste water billing and related services for the City, for which the Corporation charges a fee. The total amount charged to the City for the year ended December 31, 2016, was $3,028 (2015 - $3,125). The fee charged for the waste water billing and related services is recognized as other income from operations on the statement of income and other comprehensive income.

The Corporation collects and remits the waste water billing amounts on behalf of the City. The total amount owing to the City at December 31, 2016, relating to waste water billing was $5,396 (2015 - $5,696).

(d) Transactions with entities under common control:

On November 6, 2012, the Corporation and the Commission entered into a WSOA, whereby the Corporation agreed to provide services to the Commission with respect to the operation of the Commission’s water system and District Energy. The total amount charged to the Commission for the year ended December 31, 2016, was $20,547 (2015 – $20,503).

Under a Management Services Agreement effective January 1, 2000, the Corporation provides certain finance, administration, human resources, management and other support services to its affiliate, Energy. The total amount charged to Energy for the year ended December 31, 2016, was $648 (2015 - $634).

(e) Amounts due from (to) related parties:

The amounts due from related parties consist of:

	2016	2015
Due from companies under common control:		
Due from Windsor Utilities Commission	$ 3,767	$ 3,114
Due from Enwin Energy Ltd.	-	805
	$ 3,767	$ 3,919

(in thousands of Canadian dollars)

19. Related party transactions (continued):

(e) Amounts due from (to) related parties (continued):

The amounts due from the Commission and Energy are due on demand and are non-interest bearing. These amounts have no specified repayment terms.

Long term receivable due from related parties consist of:

		2016		2015
Due from Windsor Utilities Commission	$	4,520	$	5,342
Less: Current portion		821		822
	$	3,699	$	4,520

This long term receivable resulted from the Employee Arrangement Agreement and is amortized over the estimated average remaining service life at the time of the agreement which was 9.5 years payable each November.

The amounts due to related parties consist of:

		2016		2015
Due to companies under common control:				
Promissory note to EnWin Energy Ltd.	$	-	$	15,000
Note payable to Windsor Canada Utilities Ltd.		7,810		-
Due to EnWin Energy Ltd.		382		-
Due to ultimate parent:				
Due to the Corporation of the City of Windsor		5,785		5,961
	$	13,977	$	20,961

The promissory note to Energy is unsecured, due on demand and bears interest at the Royal Bank of Canada prime rate. This promissory note was repaid in December, 2016.

The note payable to WCU is unsecured, due on demand and bears interest at the Royal Bank of Canada prime rate minus 0.25%. This note has no specified repayment terms.

The amounts due to the City are unsecured and are non-interest bearing.

(in thousands of Canadian dollars)

20. Financial instruments and risk management:

The carrying values of cash and cash equivalents, accounts receivable, amounts due from (to) related parties, accounts payable and accruals approximate fair values because of the short maturity of these instruments.

The fair value of long-term borrowings is $51,276 (2015 - $52,122). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of the investment is $5,133 (2015 - $3,787). The fair value is calculated based on the quoted market price in the active markets.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

The aging of accounts receivables at the reporting date was:

	2016	2015
Not past due	$ 49,902	$ 35,345
Past due 0 – 30 days	3,282	12,886
Past due 31 – 60 days	1,082	1,170
Greater than 60 days	2,077	1,744
	$ 56,343	$ 51,145

The Corporation's allowance for doubtful accounts was $1,251 at December 31, 2016 (2015 - $1,046).

(i) Credit risk:

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 7% of revenues.

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(i) Credit risk (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the statement of income and other comprehensive income. Subsequent recoveries of receivables previously provisioned are credited to the statement of income and other comprehensive income. The balance of the allowance for impairment at December 31, 2016, is $1,251 (2015 - $1,046). The Corporation's credit risk associated with accounts receivable is primarily related to payments from customers. At December 31, 2016, approximately $2,077 (2015 - $1,744) is considered 60 days past due. Credit risk is managed through collection of security deposits from customers in accordance with OEB regulation. As of December 31, 2016, the Corporation holds security deposits in the amount of $6,467 (2015 - $6,555).

(ii) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The following are the contractual maturities of financial liabilities:

2016	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Customer deposits	$ 7,473	$ (7,473)	$ (561)	$ (561)	$ (1,122)	$ (5,229)
Accounts payable and accruals	32,321	(32,321)	(32,181)	(140)	-	-
Due to related parties	13,977	(13,977)	(8,167)	(500)	(1,000)	(4,310)
Long-term borrowings	50,445	(51,000)	-	-	-	(51,000)
	$ 104,216	$ (104,771)	$ (40,909)	$ (1,201)	$ (2,122)	$ (60,539)

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

2015	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Customer deposits	$ 7,125	$ (7,125)	$ (561)	$ (560)	$ (1,121)	$ (4,883)
Accounts payable and accruals	30,447	(30,447)	(30,311)	(136)	-	-
Due to related parties	20,961	(20,961)	(5,961)	-	-	(15,000)
Long-term borrowings	50,433	(51,000)	-	-	-	(51,000)
	$ 108,966	$ (109,533)	$ (36,833)	$ (696)	$ (1,121)	$(70,883)

(iii) Market risk:

Market risks primarily refer to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates because the OEB-prescribed regulated rate of return for the Corporation's distribution business, which allows for the recovery of the prudent cost of capital, is derived in part based on the forecast for long-term Government of Canada bonds yields.

(iv) Capital disclosures:

The main objectives of the Corporation when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2016, shareholder's equity amounts to $154,632 (2015 - $144,622) and long-term debt amounts to $50,445 (2015 - $50,433).

(in thousands of Canadian dollars)

20. Financial instruments and risk management (continued):

(iv) Capital disclosures (continued):

Through rate-setting, the OEB determines the prudent costs of capital that are recoverable by the Corporation in relation to the distribution business. These costs of capital are the interest on debt and return on equity The OEB permits recovery on the basis of a deemed capital structure of 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term debt. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term debt.

21. Accounts payable and accruals:

	2016	2015
Trade payables	$ 28,720	$ 25,675
Accrued expenses	3,601	4,772
	$ 32,321	$ 30,447

See accounting policies in Note 3(a). Information about the Corporation's exposure to currency and liquidity risk is included in Note 20.

(in thousands of Canadian dollars)

22. Commitments and contingencies:

Commitments

Leases

The Corporation has entered into non-cancellable operating leases for vehicle equipment. Minimum lease payments required are as follows:

2017	$	619
2018-2021		1,649
Greater than 5 years		250
Total	$	2,518

Contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance

The Corporation is a member of the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2016, the Corporation has not been made aware of any additional assessments that have not been accrued.

(in thousands of Canadian dollars)

22. Commitments and contingencies (continued):

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2019. Notice to withdraw from MEARIE must be given six months prior to the commencement of the next three-year underwriting term. The Corporation did not provide any notice to withdraw.

23. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the statement of income and other comprehensive income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to increase comprehensive income as follows:

	2016	2015
Gross profit		
Retail settlement variance	$ 5,039	$ 3,643
PILS	(1)	(687)
Expenses		
Retail cost variance	(136)	(129)
Property, plant and equipment (Smart Meters)	131	96
Future PILS	158	(1,670)
Disposition and recovery of regulatory balances	1,398	(843)
Increase in comprehensive income	$ 6,589	$ 410

24. Comparative figures:

Certain reclassifications have been made to the prior year’s financial statements to enhance comparability with the current year’s financial statements. As a result, certain line items have been amended in the balance sheet, statement of income and other comprehensive income, statement of changes in equity and statement of cash flows, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year’s presentation.

Financial Statements of

ENWIN UTILITIES LTD.

Year ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of EnWin Utilities Ltd.

We have audited the accompanying financial statements of EnWin Utilities Ltd., which comprise the balance sheet as at December 31, 2017, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EnWin Utilities Ltd., as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

April 24, 2018

ENWIN UTILITIES LTD.
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Year ended December 31, 2017

ENWIN UTILITIES LTD.
Balance Sheet
(In thousands of Canadian dollars)

December 31, 2017, with comparative information for 2016

	Notes		2017		2016
Assets					
Current assets:					
Cash and cash equivalents	4	$	26,205	$	15,144
Accounts receivable	5		46,772		56,343
Payments in lieu of income taxes receivable	15		1,410		-
Due from related parties	20		3,260		3,767
Inventory	6		4,097		5,195
Other assets			1,767		1,818
			83,511		**82,267**
Non-current assets:					
Property, plant and equipment	7		220,934		216,220
Intangible assets	8		8,698		11,756
Investment	9		6,530		5,133
Work in progress			330		426
Due from related party	20		2,877		3,699
Deferred income taxes	15		9,998		8,133
			249,367		**245,367**
Total assets		$	**332,878**	$	**327,634**
Liabilities					
Current liabilities:					
Accounts payable and accruals	10	$	30,430	$	32,321
Payments in lieu of income taxes payable	15		-		909
Due to related parties	20		12,092		13,977
Current portion of customer deposits	11		1,211		1,122
Deferred revenue			2,172		3,556
			45,905		**51,885**
Non-current liabilities:					
Customer deposits	11		7,434		6,351
Deferred revenue - customer contributions			12,681		10,809
Long-term borrowings	12		50,457		50,445
Employee future benefits	13		68,392		59,475
			138,964		**127,080**
Total liabilities			**184,869**		**178,965**
Equity					
Common shares	16		62,008		62,008
Contributed surplus			516		516
Retained earnings			93,521		89,949
Accumulated other comprehensive loss			(8,036)		(3,804)
			148,009		**148,669**
Commitments and contingencies	22				
Total liabilities and equity		$	**332,878**	$	**327,634**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Director

Director

ENWIN UTILITIES LTD.
Statement of Income
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes	2017	2016
Revenue from sale of electricity:			
Sale of electricity		$ 254,223	$ 287,402
Distribution revenue		49,795	49,586
		304,018	336,988
Cost of electricity purchased		255,421	280,944
Gross profit		**48,597**	**56,044**
Other revenue:			
Services provided to Windsor Utilities Commission	20	19,336	20,547
Services provided to Enwin Energy Ltd.	20	168	648
Other income	17	5,888	6,049
		25,392	**27,244**
Operating expenses:			
Distribution expenses		10,940	10,886
Administration expenses		50,145	50,107
		61,085	**60,993**
Income from operating activities		**12,904**	**22,295**
Finance expense (income):			
Finance income	19	(456)	(352)
Finance expense	19	2,387	2,560
		1,931	**2,208**
Income before tax		**10,973**	**20,087**
Income taxes:			
Provision for payments in lieu of corporate taxes	15	3,740	4,268
Deferred income taxes	15	(339)	508
		3,401	**4,776**
Income for the year		**$ 7,572**	**$ 15,311**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.
Statement of Comprehensive Income
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes		2017		2016
Income for the year		$	**7,572**	$	**15,311**
Other comprehensive loss:					
Items that will not be reclassified to the statement of income:					
Remeasurement of employee future benefits loss	13		(5,758)		(2,885)
Related tax	15		1,526		764
Other comprehensive loss			**(4,232)**		**(2,121)**
Total comprehensive income for the year		$	**3,340**	$	**13,190**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.
Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2016	$ 62,008	$ 516	$ 78,638	$ (1,683)	$ 139,479
Income for the year	-	-	15,311	-	15,311
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	(2,121)	(2,121)
Balance at December 31, 2016	$ 62,008	$ 516	$ 89,949	$ (3,804)	$ 148,669
Income for the year	-	-	7,572	-	7,572
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	(4,232)	(4,232)
Balance at December 31, 2017	$ 62,008	$ 516	$ 93,521	$ (8,036)	$ 148,009

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes	2017	2016
Cash flows from operating activities:			
Total comprehensive income for the year		$ 3,340	$ 13,190
Adjustments for:			
Depreciation and amortization	7,8	13,461	12,749
Amortization of deferred revenue customer contribution		(317)	(270)
Actuarial losses employee future benefits	13	5,758	2,885
Gain on sale of property, plant and equipment		(66)	(178)
Net finance expense	19	1,931	2,208
Income tax expense	15	3,740	4,268
		27,847	34,852
Changes in:			
Accounts receivable		9,571	(5,198)
Due from related parties		507	152
Inventory		1,098	(1,703)
Other assets		51	(516)
Work in process		96	(69)
Deferred income taxes		(1,865)	(256)
Accounts payable and accruals		(1,891)	1,874
PIL of income taxes		(1,666)	343
Due to related parties		(1,885)	(6,984)
Deferred revenue		(1,384)	(187)
Customer deposits		1,172	348
Employee future benefits		3,159	3,101
		6,963	(9,095)
Interest paid		(2,375)	(2,548)
Interest received		456	352
Income taxes paid		(4,393)	(2,854)
Net cash from operating activities		**28,498**	**20,707**
Cash flows from investing activities:			
Acquisition of property, plant and equipment and intangible assets	7,8	(15,582)	(15,394)
Deferred revenue - customer contributions		2,189	1,070
Acquisition of investments	9	(1,200)	(1,200)
Gain on investment	9	(197)	(146)
Proceeds on sale of property, plant and equipment		531	656
Net cash used in investing activities		**(14,259)**	**(15,014)**
Cash flows from financing activities:			
Decrease in due from related parties	20	822	821
Dividends paid		(4,000)	(4,000)
Net cash used in financing activities		**(3,178)**	**(3,179)**
Net increase in cash and cash equivalents		**11,061**	**2,514**
Cash and cash equivalents at January 1		15,144	12,630
Cash and cash equivalents at December 31		**$ 26,205**	**$ 15,144**

The accompanying notes are an integral part of these financial statements.

ENWIN UTILITIES LTD.

The Table of Contents to Notes to the Financial Statements

Year ended December 31, 2017

1. Reporting entity:

ENWIN Utilities Ltd. (the "Corporation") is a local distribution company that owns and operates the electricity distribution grid in the City of Windsor. In accordance with the Electricity Act, 1998, the Corporation was incorporated in December of 1999 under the Business Corporations Act (Ontario). The address of the Corporation's registered office is 787 Ouellette Avenue, Windsor, Ontario, Canada. The Corporation is 100% owned by Windsor Canada Utilities Ltd. ("WCUL"), which is in turn 100% owned by the Corporation of the City of Windsor (the "City").

On November 6, 2012, the Corporation and the Windsor Utilities Commission (the "Commission") entered into a Water System Operating Agreement ("WSOA"), whereby the Corporation agreed to provide services to the Commission with respect to operating the water treatment and distribution system as well as District Energy. The services include: management, administrative services, construction operations, and maintenance services. The Corporation is responsible for providing all personnel required to operate the water system and District Energy. Pursuant to the terms of the WSOA and the associated Employee Arrangement Agreement, also dated November 6, 2012, the Commission transferred all non-unionized employees and all unionized employees of the Commission to the Corporation. The Commission is a local board of the City.

The Corporation provides billing, credit, financial, and customer service on behalf of the City in relation to waste water.

The Corporation also provides billing, credit, financial, customer service and other support services on behalf of *ENWIN* Energy Ltd. ("Energy") in relation to sentinel lighting and street light maintenance.

The Corporation's arrangements with these affiliates are subject to the Ontario Energy Board's Affiliate Relationships Code, which is a code prescribed by and issued pursuant to the Ontario Energy Board Act, 1998.

2. Basis of preparation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on April 24, 2018.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) The accrued benefit related to the Corporation's unfunded defined benefit plan is actuarially determined and is measured at the present value of the defined benefit obligation.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand dollars.

(e) Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, significant areas where upon estimation was required that have the most significant effect on the amounts recognized in these financial statements, include:

(i) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed;
(ii) Note 7 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment;
(iii) Note 13 – Employee future benefits: measurement of the defined benefit obligation;
(iv) Note 21 – Financial instruments and risk management: valuation of financial instruments.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, include:

(i) the Corporation's determination that they are acting as a principal for electricity distribution and therefore have presented the electricity revenues on a gross basis.

(f) Rate regulation:

Effect of rate-setting regulations on the Corporation's activities and on these financial statements:

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

The Ontario Energy Board Act, 1998 conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the distribution of electricity and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct business, and filing and process requirements for rate setting purposes.

(i) Rate setting:

The electricity distribution rates and other regulated charges of the Corporation are determined by the OEB. This regulated rate-setting provides LDCs with the opportunity to recover the revenue requirement associated with owning and operating the LDC. The revenue requirement represents the forecasted prudent costs, including the cost of capital, that will be reasonably necessary for the LDC to invest in the electricity grid, operate the electricity grid, and serve customers in its licenced service area.

(ii) Rate Applications:

As set out in the OEB’s Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, dated October 18, 2012, the OEB performs its rate-setting function using a combination of incentive rate-setting and cost of service rate-setting. Both rate-setting techniques are based on applications made by LDCs to the OEB. Provided an LDC meets OEB-specified performance parameters, the LDC can select from one of three rate-setting streams: 4th Generation Incentive Rate-setting, Custom Incentive Rate-setting, or Annual Incentive Rate-setting Index. Each of these streams entails different rate-setting schedules and substantive filing requirements. For all streams, the revenue requirement is established through a cost of service rate-setting application. The selection of stream determines the number of years that cost of service rate-setting application pertains to, and the number of years thereafter that the LDC is expected to file incentive rate-setting applications.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate Applications (continued):

Cost of service rate-setting applications recalculate the revenue requirement through a comprehensive review of an LDC's forecasted costs for a prospective test year. The OEB reviews the costs through a rigorous process and ultimately decides on the recovery of allowed forecasted costs through rates. Incentive rate-setting applications mechanistically adjust the revenue requirement using an OEB-prescribed formula. That formula was established on November 21, 2013, in the OEB's Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors.

The OEB last used the cost of service technique to set the Corporation's electricity distribution rates for rates effective May 1, 2009. Since that time, the Corporation's rates have been mechanistically adjusted by the OEB through incentive rate-setting. The Corporation is on the Annual Incentive Rate-setting Index stream. The Corporation may apply for rates using the cost of service technique at a time of its own choosing, provided that the Corporation continues to meet OEB-specified performance parameters. If the Corporation does not continue to meet those parameters, the OEB may mandate the Corporation to file a cost of service rate-setting application. Separate from the annual rate-setting process, in 2013, the Corporation filed an application with the OEB for recovery of its prudently incurred costs associated with the provincial smart metering initiative. The OEB granted the Corporation recovery of those costs beginning in 2014.

(iii) Conservation and Demand Management:

New LDC Licence Requirements – Conservation and Demand Management ("CDM") Targets:

On March 26, 2014, the Ontario Energy Board was directed to amend the licenses of electricity distributors to include requirements for achieving certain CDM targets over a six year period commencing January 1, 2015. These targets specify that electricity distributors will make CDM programs (Province-Wide Programs, Local Distributor CDM Programs, or a combination of) available in their licensed service area to all customer segments; that CDM programs will be designated to achieve reductions in

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(iii) Conservation and Demand Management (continued):

electricity consumption; that each distributor shall meet its CDM requirements by making Province-Wide CDM programs; and provide details and results of Local Distributor CDM Programs available to other Distributors upon request, while having regard to any confidentiality and privacy constraints.

On March 31, 2014, the Independent Electricity System Operator was directed to coordinate, support and fund the delivery of CDM programs through electricity distributors to achieve a total of 7 TWh of reductions in electricity consumption over a six year period commencing January 1, 2015. The Corporation’s contribution to the provincial target of 7 TWh is 151.3 GWh.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as an investment.

3. Significant accounting policies (continued):

(b) Financial instruments:

All financial assets and liabilities of the Corporation are classified into one of the following categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available for sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Investment	Fair value through profit or loss
Accounts payable and accruals	Other financial liabilities
Due to related parties	Other financial liabilities
Long-term borrowings	Other financial liabilities

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments classified as loans and receivables and other financial liabilities, are measured at amortized cost. Financial instruments classified as fair value through profit and loss are measured at fair value.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (continued):

(c) Fair value:

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly; and

Level 3: inputs for assets and liabilities that are based on observable market data.

(d) Inventory:

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis. Net realizable value is determined on a replacement cost basis.

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation’s average cost of borrowing.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies (continued):

(e) Property, plant and equipment (continued):

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of income as incurred.

(iii) Depreciation:

Depreciation is recognized in the statement of income on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 – 50 years
Distribution and metering equipment	8 – 80 years
Other assets	5 – 60 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in the statement of income.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3. Significant accounting policies (continued):

(f) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Amortization:

Amortization is recognized in the statement of income on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 - 10 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(g) Work in process:

Work in process is recorded at cost, with cost being determined based on material purchased services, internal labour and overhead, as applicable.

(h) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3. Significant accounting policies (continued):

(h) Impairment (continued):

(i) Financial assets (continued):

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in the statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of income.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventory, work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant accounting policies (continued):

(h) Impairment (continued):

(ii) Non-financial assets (continued):

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income and are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

(i) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (“OMERS”). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Corporation to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income when they are due. At December 31, 2017, the OMERS plan is in a deficit position.

(ii) Post-employment benefits, other than pension:

The Corporation pays certain health, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

3. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(ii) Post-employment benefits, other than pension (continued):

The Corporation accrues the cost of these employee future benefits over the periods in which the employees earn the benefits. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management’s best estimate of certain underlying assumptions. The current service cost for a period is equal to the actuarial present value of benefits attributed to that period in which employees rendered their services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Corporation determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period, taking into account any changes in the net benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of income.

Gains and losses on account of curtailment or settlement of these employee future benefits are recognized immediately in income.

In accordance with the WSOA and Employee Arrangement Agreement between the Commission and the Corporation, the Plan was amended such that all active Commission management and union employees were included as part of the Plan, and have their coverage sponsored by the Corporation. A date of December 31, 2012 was assumed by the actuary to reflect this event in the Plan.

(j) Deferred revenue:

Certain customers and developers are required to contribute towards the capital cost of construction for new services. Cash contributions are initially recorded as current liabilities. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to a customers' capital contribution account.

The customers' capital contribution account, which represents the Corporation's obligation to provide the customers with access to electricity, is reported as deferred revenue, and is

3. Significant accounting policies (continued):

(j) Deferred revenue (continued):

amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset.

(k) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB required that a customer's deposit be applied to the customer's account prior to the severance process commencing. OEB rules also specify that customer deposits in excess of unpaid account balances must be refunded to customers. Customer deposits are also refundable at the Corporation's discretion when a customer demonstrates an acceptable level of credit risk. The Corporation only retains commercial deposits. Customer deposits also include monies received from developers and distribution customers for services that are recorded as construction in progress and, once the assets are put into service, will be accounted for through a capital contribution.

(l) Revenue recognition:

Revenue for the Corporation is recognized at approved rates as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of electricity purchased is recorded on the basis of electricity used and as estimated from the IESO.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and other non-distribution costs of providing electricity service, such as transmission services, market operation services, and competitive retail services. The Corporation is required, pursuant to the regulation, to remit such amounts to the IESO and retailers, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for the sale of electricity and therefore has presented the electricity and service charge revenues on a gross basis.

3. Significant accounting policies (continued):

(l) Revenue recognition (continued):

Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this revenue stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Other income for work orders is recorded on a net basis as the Corporation is acting as an agent for this revenue stream. All other amounts in other income are recorded on a gross basis and are recognized when services are rendered.

(m) Lease payments:

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease.

(n) Finance costs:

Finance costs comprise interest expense on borrowings and unwinding of the discount rate on provisions.

(o) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

3. Significant accounting policies (continued):

(o) Income taxes (continued):

Under the Electricity Act 1998, the Corporation makes payments in lieu of corporate taxes to OEFC. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments in lieu of taxes (“PILS”) are referred to as income taxes.

Current tax is the expected PILs payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the year that includes the date of enactment or substantive enactment.

(p) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued):

(q) New standards and interpretations not yet adopted:

The following standards, which are not yet effective for the year ended December 31, 2017, have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

3. Significant accounting policies (continued):

(q) New standards and interpretations not yet adopted (continued):

IFRS 16 Leases

IFRS 16, issued on January 13, 2016, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

(in thousands of Canadian dollars)

4. Cash and cash equivalents:

		2017		2016
Cash and cash equivalents	$	26,205	$	15,144
Cash and cash equivalents	$	26,205	$	15,144

The Corporation has a letter of credit with a Canadian chartered bank specifically to meet the IESO prudential requirements. The amount of the letter of credit was $4,414.

5. Accounts receivable:

		2017		2016
Trade receivables	$	21,169	$	26,026
Unbilled revenue		26,641		31,568
Allowance for doubtful accounts		(1,038)		(1,251)
Accounts receivable	$	46,772	$	56,343

6. Inventory:

Inventory consists of parts and supplies acquired for capital, internal construction, maintenance or recoverable work.

The amount of inventory consumed by the Corporation during 2017 was $5,164 (2016 - $5,266).

(in thousands of Canadian dollars)

7. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2016	$ 20,501	$ 209,659	$ 17,046	$ 5,938	$ 253,144
Additions	246	13,540	1,370	(2,558)	12,598
Disposals/retirements	(8)	(576)	(2)	-	(586)
Balance at December 31, 2016	$ 20,739	$ 222,623	$ 18,414	$ 3,380	$ 265,156
Balance at January 1, 2017	$ 20,739	$ 222,623	$ 18,414	$ 3,380	$ 265,156
Additions	364	13,019	1,405	(368)	14,420
Disposals/retirements	(22)	(600)	-	-	(622)
Balance at December 31, 2017	$ 21,081	$ 235,042	$ 19,819	$ 3,012	$ 278,954

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2016	$ 4,310	$ 27,038	$ 8,804	$ -	$ 40,152
Depreciation charge for the year	901	6,361	1,630	-	8,892
Disposals/retirements	-	(107)	(1)	-	(108)
Balance at December 31, 2016	$ 5,211	$ 33,292	$ 10,433	$ -	$ 48,936
Balance at January 1, 2017	$ 5,211	$ 33,292	$10,433	$ -	$ 48,936
Depreciation charge for the year	918	6,659	1,664	-	9,241
Disposals/retirements	-	(157)	-	-	(157)
Balance at December 31, 2017	$ 6,129	$ 39,794	$ 12,097	$ -	$ 58,020

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2016	$ 15,528	$ 189,331	$ 7,981	$ 3,380	$ 216,220
December 31, 2017	$ 14,952	$ 195,248	$ 7,722	$ 3,012	$ 220,934

(in thousands of Canadian dollars)

7. Property, plant and equipment (continued):

(d) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment has been allocated to income as follows:

	Distribution expenses	Administration expenses	Total
December 31, 2016:			
Depreciation of property, plant and equipment	$ 6,366	$ 2,526	$ 8,892
	$ 6,366	$ 2,526	$ 8,892
December 31, 2017:			
Depreciation of property, plant and equipment	$ 6,664	$ 2,577	$ 9,241
	$ 6,664	$ 2,577	$ 9,241

Depreciation expense of $9,241 (2016 - $8,892) is included in administration expenses on the statement of income.

8. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2016	$ 25,531
Additions	2,796
Balance at December 31, 2016	$ 28,327
Balance at January 1, 2017	$ 28,327
Additions	1,162
Balance at December 31, 2017	$ 29,489

(in thousands of Canadian dollars)

8. Intangible assets (continued):

(b) Accumulated amortization:

		Computer software
Balance at January 1, 2016	$	12,714
Amortization charge for the year		3,857
Balance at December 31, 2016	$	16,571
Balance at January 1, 2017	$	16,571
Amortization charge for the year		4,220
Balance at December 31, 2017	$	20,791

(c) Carrying amounts:

		Computer software
December 31, 2016	$	11,756
December 31, 2017	$	8,698

Amortization expense of $4,220 (2016 - $3,857) is included in administration expenses on the statement of income.

(in thousands of Canadian dollars)

9. Investment:

In 2014, a sinking fund was established with the intent to ensure sufficient funds are available to settle the long-term borrowings issued November 6, 2012, with a maturity date of November 6, 2042, in the amount of $51,000. There are no restrictions with this investment. Annual payments are expected to be completed to satisfy the obligation.

The investment is recorded at market value as of December 31, 2017, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	Fixed income	Equity	Total
December 31, 2016:			
Investment	$ 4,112	$ 1,021	$ 5,133
	4,112	1,021	5,133
December 31, 2017:			
Investment	5,023	1,507	6,530
	$ 5,023	$ 1,507	$ 6,530

10. Accounts payable and accruals:

	2017	2016
Trade payables	$ 22,630	$ 28,720
Accrued expenses	7,800	3,601
	$ 30,430	$ 32,321

See accounting policies in Note 3(b). Information about the Corporation's exposure to currency and liquidity risk is included in Note 21.

(in thousands of Canadian dollars)

11. Customer deposits:

Customer deposits represent cash deposits from electricity distribution commercial customers and construction deposits.

Customer deposits comprise:

		2017		2016
Customer deposits	$	6,770	$	6,467
Construction deposits		1,875		1,006
		8,645		7,473
Less: current portion		1,211		1,122
	$	7,434	$	6,351

12. Long-term borrowings:

Long-term borrowings comprise:

		2017		2016
Promissory note payable	$	51,000	$	51,000
Less: debt issuance costs		(543)		(555)
	$	50,457	$	50,445

The promissory note payable is due to WCUL, the parent company of the Corporation. On November 12, 2012 WCUL issued a $103,000 debenture from which proceeds of $51,000 where advanced to the Corporation under this unsecured promissory note. The note has terms consistent with the WCUL debenture including a maturity date of November 6, 2042, and bears interest at a rate of 4.134% per annum. Interest is payable in equal semi-annual instalments of $1,054, in arrears, on May 6 and November 6 each year commencing May 6, 2013. In order to put the debt in place, the Corporation incurred debt issuance costs in the amount of $601.

(in thousands of Canadian dollars)

12. Long-term borrowings (continued):

The Corporation incurred interest expense in respect of the promissory note payable of $2,108 (2016 - $2,108), which is recognized as part of finance expense on the statement of income.

13. Employee future benefits:

The Corporation pays certain health, dental and life insurance benefits on behalf of its retired employees. Significant assumptions underlying the actuarial valuation include management's best estimate of the interest (discount) rate, mortality decrement, the average retirement age of employees, employee turnover and expected health and dental care costs.

The plan was amended such that all active Commission management and union employees covered under the Commission collective agreement from July 1, 2012, would be included as part of the Plan and have their coverage sponsored by the Corporation. The December 31, 2012, date was chosen to reflect this event in the Plan. Reference note 1 for further information.

The Corporation measures its accrued benefit liability for accounting purposes as at December 31 each year. A valuation date of December 31, 2016, with extrapolation to December 31, 2017, has been used to calculate the current obligation. The Corporation's employee future benefit liability consists of the following:

	2017	2016
Defined benefit liability	$ 68,392	$ 59,475
Defined benefit liability, end of year	$ 68,392	$ 59,475

(in thousands of Canadian dollars)

13. Employee future benefits (continued):

Information about the Corporation's unfunded defined benefit plan is as follows:

Changes in the present value of the defined benefit obligation:

		2017		2016
Defined benefit liability, beginning of year	$	59,475	$	53,489
Current service cost		2,358		2,281
Interest cost		2,289		2,161
Actuarial losses, on liability recognized in other comprehensive income		5,758		2,885
Benefits paid for the year		(1,488)		(1,341)
Defined benefit liability, end of year	$	68,392	$	59,475

Components of net benefit expense recognized are as follows:

		2017		2016
Current service cost	$	2,358	$	2,281
Interest cost		2,289		2,161
Net benefit expense recognized	$	4,647	$	4,442

Net benefit expense for the year is recognized as administrative expense on the statement of income.

The main actuarial assumptions underlying the valuation are as follows:

(a) Health care cost trend rates:

The health care cost trend for prescription drugs is estimated to increase at 6.5% in 2017 (6.5% in 2016) grading down to 4.5% by 2027. Other health expenses are estimated to increase at 5.83% (5.97% in 2016) grading down to 4.5% by 2027. Dental expenses are estimated to increase at 4.0% (4.0% in 2016) per year.

(in thousands of Canadian dollars)

13. Employee future benefits (continued):

(b) Discount rate:

The liabilities at the period end and the present value of future liabilities were determined using a discount rate of 3.4% (2016 – 3.9%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

(c) Mortality decrement:

The rates applicable to public sector retirees in the 2014 Canadian Pensioners Mortality table (“CPM 2014”) produced by the Canadian Institute of Actuaries (“CIA”) were used as the basis of these assumptions.

A 1% or one year change in actuarial assumptions, assuming all other factors remain constant, has the following impact on the defined benefit liability carrying amount:

	December 31, 2017		December 31, 2016	
	Increase	Decrease	Increase	Decrease
Health care trend rate (1% change)	$ 12,993	$ (10,199)	$ 10,349	$ (8,208)
Discount rate (1% change)	$ (10,950)	$ 14,219	$ (9,236)	$ 11,921
Mortality (1 year)	$ 2,992	$ (2,890)	$ 2,382	$ (2,306)

14. Pension plan:

The Corporation participates in the Ontario Municipal Employees Retirement Fund (“OMERS”), a multi-employer plan, on behalf of its employees. The plan has been accounted for as a defined contribution plan. Contributions during the year were 9.0% (2016 - 9.0%) for employee earnings below the year’s maximum pensionable earnings and 14.6% (2016 - 14.6%) thereafter. During 2017, the Corporation expensed contributions totalling $2,887 (2016 - $2,941) made to OMERS in respect of the employer’s required contributions to the plan. Estimated contributions for 2018 are $3,059.

(in thousands of Canadian dollars)

15. Income taxes (provision for payment in lieu of corporate taxes):

	2017	2016
Current tax expense:		
Current year	$ 3,798	$ 4,385
Adjustments for prior years	(58)	(117)
Deferred tax expense:		
Origination and reversal of temporary differences	(2,343)	(256)
Adjustments for prior years	478	-
Tax related to remeasurement of employee future benefits loss	1,526	764
Total income taxes expense	$ 3,401	$ 4,776

The provision for income taxes varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2017	2016
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Change in income tax resulting from:		
Items not deductible for tax purposes and other	4.49%	(2.72)%
Effective rate applied to comprehensive income before income taxes	30.99%	23.78%

The components of the deferred income tax assets and liabilities are summarized as follows:

	2017	2016
Deferred tax assets:		
Employee benefits	$ 11,589	$ 9,008
Intangible assets	-	1,074
Other	309	278
Deferred tax liabilities:		
Property, plant and equipment	1,034	1,184
Regulatory assets	748	926
Other	118	117
Net deferred income tax asset	$ 9,998	$ 8,133

(in thousands of Canadian dollars)

15. Income taxes (provision for payment in lieu of corporate taxes) (continued):

At December 31, 2017, a deferred tax asset of $9,998 (2016 - $8,133) has been recorded. The utilization of this tax asset is dependent on future taxable income in excess of income arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

16. Share capital:

	2017	2016
Authorized:		
Unlimited common shares		
Issued:		
22,000 common shares	$ 62,008	$ 62,008

17. Other income:

Other income comprises:

	2017	2016
Change in occupancy	$ 403	$ 417
Late payment and collection charges	366	404
Other operating revenues	1,462	1,306
Gain on disposal of property, plant and equipment	66	178
Pole rental	618	588
Sale of scrap	82	128
Sewer surcharge billing and collecting	2,891	3,028
Total other income	$ 5,888	$ 6,049

(in thousands of Canadian dollars)

18. Employee benefits:

	Note	2017	2016
Salaries and benefits		$ 23,976	$ 24,361
Contributions to multi-employer plan	14	2,887	2,941
Expenses related to defined benefit plans	13	4,647	4,442
		$ 31,510	$ 31,744

19. Finance expense (income):

	2017	2016
Finance income:		
Interest income on bank balances	$ (259)	$ (206)
Income on investment	(197)	(146)
	(456)	(352)
Finance expense:		
Interest expense on long-term borrowings	2,108	2,108
Interest expense on related party debt	207	394
Interest expense on customer deposits	60	46
Discount on long-term borrowings	12	12
	2,387	2,560
Net finance expense	$ 1,931	$ 2,208

(in thousands of Canadian dollars)

20. Related party transactions:

(a) Parent and ultimate controlling party:

The parent is WCUL. The parent of WCUL and the ultimate controlling party of the Corporation is the Corporation of the City of Windsor ("City"). WCUL and the City produce financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation has been defined as members of its board of directors and executive management team members.

Key management compensation:

	2017	2016
Salaries and other short-term benefits	$ 1,015	$ 792
Post-employment benefits	12	12
	$ 1,027	$ 804

(c) Transactions with parent and ultimate controlling party:

The Corporation provides waste water billing and related services for the City, for which the Corporation charges a fee. The total amount charged to the City for the year ended December 31, 2017, was $2,891 (2016 - $3,028). The fee charged for the waste water billing and related services is recognized as other income from operations on the statement of income.

The Corporation collects and remits the waste water billing amounts on behalf of the City. The total amount owing to the City at December 31, 2017, relating to waste water billing was $5,219 (2016 - $5,785).

(in thousands of Canadian dollars)

20. Related party transactions (continued):

(d) Transactions with entities under common control:

On November 6, 2012, the Corporation and the Commission entered into a WSOA, whereby the Corporation agreed to provide services to the Commission with respect to the operation of the Commission's water system and District Energy. The total amount charged to the Commission for the year ended December 31, 2017, was $19,336 (2016 – $20,547).

Under a Management Services Agreement effective January 1, 2000, the Corporation provides certain finance, administration, human resources, management and other support services to its affiliate, Energy. The total amount charged to Energy for the year ended December 31, 2017, was $168 (2016 - $648).

(e) Amounts due from (to) related parties:

The amounts due from related parties consist of:

	2017	2016
Due from companies under common control:		
Due from Windsor Utilities Commission	$ 3,145	$ 3,767
Due from *ENWIN* Energy Ltd.	115	-
	$ 3,260	$ 3,767

The amounts due from the Commission and Energy are due on demand and are non-interest bearing. These amounts have no specified repayment terms.

Long term receivable due from related parties consist of:

	2017	2016
Due from Windsor Utilities Commission	$ 3,699	$ 4,520
Less: current portion	822	821
	$ 2,877	$ 3,699

(in thousands of Canadian dollars)

20. Related party transactions (continued):

(e) Amounts due from (to) related parties (continued):

This long term receivable resulted from the Employee Arrangement Agreement and is amortized over the estimated average remaining service life at the time of the agreement which was 9.5 years payable each November.

The amounts due to related parties consist of:

		2017		2016
Due to companies under common control:				
Note payable to Windsor Canada Utilities Ltd.	$	6,873	$	7,810
Due to *ENWIN* Energy Ltd.		-		382
Due to ultimate parent:				
Due to the Corporation of the City of Windsor		5,219		5,785
	$	12,092	$	13,977

The note payable to WCUL is unsecured, due on demand and bears interest at the Royal Bank of Canada prime rate minus 0.25%. This note has no specified repayment terms.

The amounts due to the City are unsecured and are non-interest bearing.

(in thousands of Canadian dollars)

21. Financial instruments and risk management:

The carrying values of cash and cash equivalents, accounts receivable, amounts due from (to) related parties, accounts payable and accruals approximate fair values because of the short maturity of these instruments.

The following table illustrates the classification of the corporation's financial instruments using the fair value hierarchy as at December 31:

	2017			2016		
Assets	Level 1	Level 2	Total	Level 1	Level 2	Total
Investment – fixed income	$ -	$ 5,023	$ 5,023	$ -	$ 4,112	$ 4,112
Investment – equity	1,507	-	1,507	1,021	-	1,021
	$ 1,507	$ 5,023	$ 6,530	$ 1,021	$ 4,112	$ 5,133

The fair value of the investment is $6,530 (2016 - $5,133). The fair value is calculated based on the quoted market price in the active markets.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

(in thousands of Canadian dollars)

21. Financial instruments and risk management (continued):

(i) Credit risk:

The aging of accounts receivables at the reporting date was:

	2017	2016
Not past due	$ 42,432	$ 49,902
Past due 0 – 30 days	2,182	3,282
Past due 31 – 60 days	593	1,082
Greater than 60 days	1,565	2,077
	$ 46,772	$ 56,343

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 9% of revenues.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the statement of income. Subsequent recoveries of receivables previously provisioned are credited to the statement of income. The balance of the allowance for impairment at December 31, 2017, is $1,038 (2016 - $1,251).

A continuity of the allowance for doubtful accounts is as follows:

	2017	2016
Balance, beginning of year	$ 1,251	$ 1,046
Accounts receivable balances written off	(590)	(558)
Change in provisions for doubtful accounts	377	763
Balance, end of year	$ 1,038	$ 1,251

(in thousands of Canadian dollars)

21. Financial instruments and risk management (continued):

(i) Credit risk (continued):

The Corporation's credit risk associated with accounts receivable is primarily related to payments from customers. At December 31, 2017, approximately $1,565 (2016 - $2,077) is considered 60 days past due. Credit risk is managed through collection of security deposits from customers in accordance with OEB regulation. As of December 31, 2017, the Corporation holds security deposits in the amount of $6,770 (2016 - $6,467).

(ii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The following are the contractual maturities of financial liabilities:

December 31, 2017	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	$ 30,287	$ 143	$ -	$ -	$ -	$ 30,430
Due to related parties	5,719	500	1,000	4,873	-	12,092
Customer deposits	601	601	1,211	6,232	-	8,645
Long-term borrowings	-	-	-	51,000	(543)	50,457
	$ 36,607	$ 1,244	$ 2,211	$ 62,105	$ (543)	$101,624

(in thousands of Canadian dollars)

21. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

December 31, 2016	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	$ 32,181	$ 140	$ -	$ -	$ -	$ 32,321
Due to related parties	8,167	500	1,000	4,310	-	13,977
Customer deposits	561	561	1,122	5,229	-	7,473
Long-term borrowings	-	-	-	51,000	(555)	50,445
	$ 40,909	$ 1,201	$ 2,122	$ 60,539	$ (555)	$ 104,216

(iii) Market risk:

Market risks primarily refer to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation is exposed to market risks within the investment portfolio. A portion of the portfolio is invested in equities which are subject to market forces. For sensitivity purposes, a 1% change in equities would result in a change of $15 (2016 - $10) on the balance sheet and the statement of income.

(iv) Capital disclosures:

The main objectives of the Corporation when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2017, shareholder's equity amounts to $148,009 (2016 - $148,669) and long-term debt amounts to $50,457 (2016 - $50,445).

21. Financial instruments and risk management (continued):

(iv) Capital disclosures (continued):

Through rate-setting, the OEB determines the prudent costs of capital that are recoverable by the Corporation in relation to the distribution business. These costs of capital are the interest on debt and return on equity The OEB permits recovery on the basis of a deemed capital structure of 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term debt. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term debt.

(v) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to variable interest rate cash flow risk with respect to its investments. The Corporation has addressed this risk by entering into fixed interest rates on invested funds and debts.

(vi) Currency risk:

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to currency risk through its foreign currency denominated bank and investment accounts. A weakening or strengthening of the Canadian dollar can affect the cash flows. This risk is monitored by investment managers and the exposure is limited to these accounts. For sensitivity purposes, a 1% change in the Canadian dollar would result in a change of $9 (2016 - $5) on the balance sheet and statement of income.

(in thousands of Canadian dollars)

22. Commitments and contingencies:

Commitments

Leases

The Corporation has entered into non-cancellable operating leases for vehicle equipment. Minimum lease payments required are as follows:

2018	$	784
2019-2022		2,128
Greater than 5 years		444
Total	$	3,356

Contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance

The Corporation is a member of the Municipal Electrical Reciprocal Insurance Exchange (“MEARIE”), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2017, the Corporation has not been made aware of any additional assessments that have not been accrued.

(in thousands of Canadian dollars)

22. Commitments and contingencies (continued):

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2019. Notice to withdraw from MEARIE must be given six months prior to the commencement of the next three-year underwriting term. The Corporation did not provide any notice to withdraw.

23. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the statement of income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to increase (decrease) comprehensive income as follows:

	2017	2016
Gross income:		
Retail settlement variance	$ 1,144	$ 4,018
Expenses:		
Retail cost variance	(142)	(126)
Property, plant and equipment (Smart Meters)	96	106
Future PILS	339	256
Regulatory adjustment for IFRS conversion	2,280	1,913
Disposition and recovery of regulatory balances	(3,445)	1,145
Interest expense (net of interest revenue)	61	-
Change in comprehensive income (loss)	$ 333	$ 7,312

24. Restatement and comparative figures:

During the year, the Corporation became aware of certain components within property, plant and equipment that were being calculated incorrectly since the adoption of IFRS in 2011. Overhead burden rates were too high resulting in assets being overstated and expenses being understated. Also, some depreciation calculations used inappropriate useful lives as a result of componentization which resulted in lower depreciation expenses. As a consequence of the immaterial adjustments, payment in lieu of taxes, property, plant and equipment, deferred taxes, operating expenses and retained earnings were required to be recast.

(in thousands of Canadian dollars)

24. Restatement and comparative figures (continued):

The following table summarizes the adjustments made to the balance sheet:

	Property plant and equipment	Deferred income taxes	Payments in lieu of income taxes payable	Retained earnings
Balance at December 31, 2016, as previously reported	$ 223,523	$ 7,463	$ (1,579)	$ (95,912)
Change to opening retained earnings	-	-	-	5,143
Change in depreciation and capitalization	(7,303)	670	670	820
Revised balance at December 31, 2016	$ 216,220	$ 8,133	$ (909)	$(89,949)

The following table summarizes the adjustments made to the statement of income:

	Distribution expenses	Admin. expenses	Provision for payments in lieu of corporate taxes	Deferred income taxes	Income for the year
Balance at December 31, 2016, as previously reported	$ 10,516	$ 49,361	$ 4,466	$ 606	$ 16,131
Change in depreciation and capitalization	370	746	(198)	(98)	(820)
Revised balance at December 31, 2016	$ 10,886	$ 50,107	$ 4,268	$ 508	$ 15,311

In addition to the adjustments noted above, certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, and the related notes to the financial statements. The only impact to the prior year restated amounts are summarized in the tables above.

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ATTACHMENT 1 – K

Reconciliation of Audited Financial Statements to RRR Balances

ENWIN UTILITIES LTD.

Balance Sheet
December 31, 2017

Audited Financial Statement Headings		Enwin Utilities Ltd. Audited Financial Statements	USoA Headings	USoA Balance	Variance Amount	Foot Note
Assets						
Assets						
Current Assets						
Cash	-	26,204,837				
			1005	26,204,087		
			1010	750		
Accounts receivable	-	46,771,336				
			1100	19,097,934		
			1104	1,872,642		
			1120	26,640,636		
			1130	(1,038,077)		
			1460	10,080		
			2220	188,121		
Payments in lieu of income taxes receivable	(0)	1,409,705	1110	1,409,705		
Due from related parties	-	3,259,376				
			1200	3,259,376		
Inventories	-	4,096,833	1330	4,096,833		
Other assets	-	1,767,382	1180	1,766,882		
			1460			
			1010	500		
	(0)	83,509,469		83,509,469	-	
Property, plant and equipment	(1)	220,933,976				
			1612		30,889	(3)
			1805	43,534		
			1806	-		
			1808	160,388		
			1815	23,979,429		
			1820	1,163,659		
			1830	90,438,503		
			1840	61,283,848		
			1850	46,608,121	55,006	(2)
			1855	12,620,784		
			1860	14,924,233	23,465	(2)
			1905	1,322,514		
			1908	19,523,409		
			1915	680,660		
			1920	4,832,116	6,200	(2)
			1930	1,440,172		
			1935	222,712		
			1940	599,932		
			1945	3,136,515	68,654	(2)
			1950	175		
			1955	566,375		
			1960	1,808,129		
			1995	(9,426,948)		
			2005	-		
			2055	3,011,158		
			2105	(58,159,502)	(30,156)	(2)
Intangible assets	0	8,698,348				
			1611	29,478,753	10,217	(2)
			1612	30,889	(30,889)	(3)
			2120	(20,788,579)	(2,043)	(2)
Investment	-	6,530,365	1415	6,530,365		
Work in progress	-	329,529	1460	329,529		
Due from related party	-	2,876,670	1485	2,876,670	-	
Future payments in lieu of income taxes	0	9,998,609	1495	10,746,371	(747,762)	(2)
		249,367,497		249,983,916	(616,419)	
Total Assets		332,876,966		333,493,385	(616,419)	

ENWIN UTILITIES LTD.

Balance Sheet
December 31, 2017

Audited Financial Statement Headings		Enwin Utilities Ltd. Audited Financial Statements	USoA Headings	USoA Balance	Variance Amount	Foot Note
Liabilities						
Liabilities and Shareholder's Equity						
Current liabilities						
Bank indebtedness		-				
Accounts payable and accrued liabilities	-	(30,427,790)				
			1100	(177,942)		
			1100	(22,037)		
			2205	(26,012,836)		
			2220	(1,129,607)		
			2250	(752,335)		
			2264	(686,398)		
			2268	(326,359)		
			2290	(607,591)		
			2292	(375,507)		
			2294	(143,047)		
			2320	(194,131)		
Payments in lieu of income taxes payable	-	-	2294	-		
Due to related parties	-	(12,092,188)				
			2240	(12,092,188)		
			2242			
Current portion of customer deposits	-	(1,210,960)	2210	(1,210,960)		
Current portion of long term borrowings						
Deferred Revenue	-	(2,171,991)	2220	(2,480)		
			2220	(2,169,511)		
			2425	-		
		(45,902,929)		(45,902,929)	-	
Long-term liabilities						
Customer deposits	-	(7,434,194)				
			2335	(7,434,194)		
Vested sick leave		-	2310	-		
Regulatory liabilities		-				
			1508	416,597	(416,597)	(2)
			1518	505,784	(505,784)	(2)
			1521	-	-	(2)
			1531	45,199	(45,199)	(2)
			1532	37,986	(37,986)	(2)
			1534	54,136	(54,136)	(2)
			1535	378,300	(378,300)	(2)
			1548	(30,350)	30,350	(2)
			1551	(13,474)	13,474	(2)
			1555	946,785	(946,785)	(2)
			1556	-	-	(2)
			1557	46,758	(46,758)	(2)
			1562	-	-	(2)
			1563	(139,188)	139,188	(3)
			1568	4,467,380	(4,467,380)	(2)
			1574	311,441	(311,441)	(2)
			1575	(19,220,838)	19,220,838	(2)
			1580	(4,487,647)	4,487,647	(2)
			1584	791,925	(791,925)	(2)
			1586	508,993	(508,993)	(2)
			1588	73,424	(73,424)	(2)
			1589	(4,184,277)	4,184,277	(2)
			1590	-	-	(2)
			1592	(400,915)	400,915	(2)
			1595	(1,067,588)	1,067,588	(2)
Other Non Current Liabilities			2320	(9,220,787)	9,220,787	(2)
Deferred revenue customer contributions	-	(12,680,654)	2440	(12,680,654)		
Long-term borrowings	-	(50,456,959)				
			1425	543,041		
			2505	(51,000,000)		
Employee future benefits	(0)	(68,392,400)	2306	(68,392,400)		
		(138,964,208)		(169,144,562)	30,180,354	

ENWIN UTILITIES LTD.

Balance Sheet
December 31, 2017

	Audited Financial Statement Headings		Enwin Utilities Ltd. Audited Financial Statements	USoA Headings	USoA Balance	Variance Amount	Foot Note
Equity							
	Shareholder's equity						
	Common shares	-	(62,008,479)	3005	(62,008,479)		
	Contributed capital	-	(516,527)	3030	(516,527)		
	Retained earnings		(93,520,532)				
	Accumulated other comprehensive income	-	8,035,709				
				3045	(60,716,872)	(29,231,642)	
				3046	(7,239,724)	3,899,689	
				3049	4,000,000	-	
				3090	8,035,709	(4,231,983)	
			(148,009,829)		(118,445,893)	(29,563,936)	(2)
	Total Liabilities and Shareholder's Equity		(332,876,966)		(333,493,385)	616,419	

Notes

(1) Reclassification within the financial statement.
(2) Regulatory Assets/Liabilities activity not recognised for IFRS purposes
(3) Balance reported in 1508 in 2.1.7
Amounts under USofA column that are colour coded reflect account balances that are split between 2 groupings for audited financial statement presentation purposes

ENWIN UTILITIES LTD.

Statement of Changes in Equity
Year ended December 31, 2017

	Enwin Utilities Ltd. Audited Financial Statements	USoA Headings	USoA Balance	Variance Amount	Variance Foot Note
Retained earnings, beginning of year	(89,948,514)	3045	(60,716,872)	(29,231,642)	(2)
Net earnings for year	(7,572,018)	3046	(7,239,720)	(332,298)	(2)
Dividends declared	4,000,000	3049	4,000,000	-	
Retained earnings, end of year	(93,520,532)		(63,956,592)	(29,563,940)	
Accumulated other comprehensive income, beginning of year	3,803,726	3090	3,803,726	-	
Accumulated other comprehensive loss	4,231,983	7010	5,757,800	(1,525,817)	(1)
		7025	(1,525,817)	1,525,817	(1)
Accumulated other comprehensive loss, end of year	8,035,709	3090	8,035,709	-	

(1) Reclassification within the financial statement.
(2) Regulatory Assets/Liabilities activity not recognised for IFRS purposes

ENWIN UTILITIES LTD.

Statement of Comprehensive Income

Year ended December 31, 2017

Audited Financial Statement Headings		Enwin Utilities Ltd.	USoA	Description	USoA Balance	Variance Amount	Foot Note
Revenue							
Customer billing for electricity and service charges	-	(304,018,382)					
			4006	Residential Energy Sales	(54,617,498)	-	
			4010	Commercial Energy Sales	(17,840,461)	-	
			4015	Industrial Energy Sales	(5,276,113)	-	
			4020	Energy Sales to Large Users	(662,331)	-	
			4025	Street Lighting Energy Sales	(86,502)	-	
			4030	Sentinel Lighting Energy Sales	(68,656)	-	
			4035	General Energy Sales	(135,901,252)	(1,427,143)	
			4062	Billed WMS	(8,911,438)	(2,401,355)	
			4066	Billed NW	(16,194,986)	-	
			4068	Billed CN	(10,018,199)	-	
			4076	Billed Smart Metering Entity Charge	(812,857)	(4,336)	
			4080	Distribution Services Revenue	(50,643,158)	1,102,536	
			4086	SS Administration Revenue	(254,636)	-	
Cost of electricity purchased	-	255,421,711				3,445,336	
			4705	Power Purchased	107,796,309	666,290	
			4707	Other power supply expenses - Charges-glol	106,656,503	-	
			4708	Charges - WMS	8,911,438	-	
			4714	Charges - NW	16,194,986	686,426	
			4716	Charges - CN	10,018,199	233,369	
			4751	Charges - Smart Metering Entity Charge	812,857		
Gross Profit		(48,596,671)			(50,897,794)	2,301,123	(2)
Services provided to Windsor Utilities Commission	-	(19,335,643)	4375	Revenues from Non-Utility Operations	(19,335,643)	-	
Services provided to Enwin Energy Ltd.	-	(167,814)	4375	Revenues from Non-Utility Operations	(167,814)	-	
Other income	(0.00)	(5,889,269)				-	
			4375	Revenues from Non-Utility Operations	(3,562,760)	-	
			4310	Regulatory Credit	2,280,328	(2,280,328)	
			4380	Expenses of Non-Utility Operations	22,038,804	(21,949,518)	
			4210	Rent from Electric Property	(628,275)	-	
			4215	Other Utility Operating Income	(1,459)	(953)	
			4225	Late Payment Charges	(365,696)	-	
			4235	Miscellaneous Service Revenues	(903,511)	(42,407)	
			4245	Government and Other Assistance Directly (	(316,768)	-	
			4390	Miscellaneous Non-Operating Income	(85,944)	-	
			4398	Foreign Exchange G&L, Incl. Amortization	(2,754)	(1,757)	
			4355	Gain-Disposition of Util. & Other Prop.	(522,382)	(9,439)	
			4360	Loss-Disposition of Util. & Other Prop.	458,577	6,972	
Total Revenues		(25,392,726)			(1,115,297)	(24,277,429)	(1)
Expenses							
	-	61,085,594					
			5005	Operation Supervision and Engineering	2,629,756	(1,667,205)	
			5010	Load Dispatching	398,550	(200,989)	
			5025	O/H Dist. Lines & Feeders-Oper. Supp/Exp	2,166,358	(991,045)	
			5035	O/H Dist. Transformers-Operation	62,049	(21,736)	
			5045	U/G Dist. Lines & Feeders-Oper. Supp/Exp	1,042,785	(379,755)	
			5055	U/G Dist. Transformers-Operation	242,432	(100,662)	
			5065	Meter Expense	651,911	(257,757)	
			5075	Customer Premises - Materials/Exp	18,116	(8,251)	
			5085	Miscellaneous Distribution Expense	57,903	11,515	
			5112	Maint. Of Transformer Stn Equip	237,821	(97,654)	
			5114	Maint. Of Dist. On Stn Equip	51,816	(12,791)	
			5130	Maintenance of O/H Services	758,586	(335,275)	
			5135	O/H Dist. Lines and Feeders-Right of Way	867,897	(198,844)	
			5155	Maintenance of Underground Services	535,919	(224,495)	
			5160	Maintenance of Line Transformers	35,197	(20,533)	
			5175	Maintenance of Meters	-	-	
						-	
			5310	Meter Reading Expense	603,240	138,079	
			5315	Customer Billing	1,389,774	(386,730)	
			5320	Collecting	102,367	33,317	
			5335	Bad Debt Expense	376,725	(13)	
			5410	Community Relations - Sundry	132,385	(47,307)	
			5610	Management Salaries and Expenses	1,476,557	-	
			5615	General Administration Salaries/Exp	3,855,780	18,902,061	
			5620	Office Supplies and Expenses	676,458	355,380	
			5630	Outside Services Employed	2,302,845	1,247,697	
			5635	Property Insurance	449,340	265,558	
			5640	Injuries and Damages	267,043	176,741	
			5645	OMERS Pensions and Benefits	-	-	
			5646	Admin & General expenses - Employee pens	2,893,267	-	
			5655	Regulatory Expenses	408,676	-	
			5660	General Advertising Expenses	105,514	99,392	
			5665	Miscellaneous General Expense	126,137	4,975	
			5675	Maintenance of General Plant	2,236,054	249,622	
			5680	Electrical Safety Authority Fees	42,011	-	
			5695	OM&A Contra Account	-	3,321,950	
			5705	Amort. Expense	11,469,873	1,990,558	
			6105	Taxes Other Than Income Taxes	329,940	139,581	
			6205	Donations	72,635	26,501	
			6305	Extraordinary Income	(663)	663	
Total Expenses		61,085,594			39,073,049	22,012,546	(1) & (2)
Results from Operating Activities		(12,903,803)			(12,940,043)	36,240	
Finance Costs	-	1,930,946					
			4405	Interest and Dividend Income	(641,052)	184,390	(2)
			6005	Interest on Long Term Debt	2,108,340		

ENWIN UTILITIES LTD.

Statement of Comprehensive Income
Year ended December 31, 2017

Audited Financial Statement Headings		Enwin Utilities Ltd.	USoA	Description	USoA Balance	Variance Amount	Foot Note
			6010	Amortization of Debt Discount and Exp	12,228		
			6030	Interest on Debt to Associated Companies	206,791		
			6035	Other Interest Expense	273,634	(213,385)	(1) & (2)
		1,930,946			1,959,941	(28,996)	
Profit before tax		(10,972,857)			(10,980,101)	7,244	
Income Taxes:							
Provision for payments in lieu of corporate taxes	-	3,740,382	6110	Income Taxes	3,740,382	-	
Deferred Income Taxes	(0)	(339,542)			-	(339,542)	(2)
		3,400,840			3,740,382	(339,542)	
Profit for the year		(7,572,018)			(7,239,720)	(332,298)	
Other comprehensive loss:							
Remeasurement of defined benefit obligation	-	5,757,800	7010	Pension Actuarial Gains or Losses	5,757,800	-	
Related tax	-	(1,525,817)	7025	Current Taxes - Other Comprehensive Incom	(1,525,817)	-	
		4,231,983			4,231,983	-	
Total Comprehensive income for the year		(3,340,035)			(3,007,737)	(332,298)	(2)

Notes

(1) Reclassification within the financial statement.
(2) Regulatory Assets/Liabilities activity not recognised for IFRS purposes

Amounts under USoA column that are colour coded reflect account balances that are split between 2 groupings for audited financial statement presentation purposes.

ATTACHMENT 1 – L

Windsor Canada Utilities Ltd. Annual Report 2017

Windsor Canada Utilities Ltd.

2017 Annual Report

CONTENTS

Cover Photo: Bright Lights Windsor 2017, Jackson Park

Courtesy of Ashley Ann Mentley and the Mayor's Office, City of Windsor

In 2017, ENWIN delivered another year of safe and reliable utility services while continuing its investment in infrastructure and financial returns to the community.

Message from Windsor Canada Utilities Ltd.

A Tradition of Building Power Through Partnership

In 2017, as Canada celebrated its 150th year, Windsor celebrated its 125th anniversary and 129 years of local collaboration and partnership, dedicated to enriching our community through electric power.

As we reflect on these milestone anniversaries, Windsor Canada Utilities Ltd. is proud to be a part of that rich tradition. We are proud of our role in continuing to build the relationships needed to provide a safe, reliable supply of electricity for Windsor.

We are proud to echo a focus on partnership that began in 1888, when a sawmill in Sandwich provided the power for the introduction of electric streetcars to move visitors from the Walkerville Ferry to the British American Hotel in Sandwich. We are proud that our modern LED streetlights reflect those first lit by Sir Adam Beck, in Windsor, in 1914.

In 1888, Windsor was at the forefront of the emerging electricity sector, as the first Canadian city to introduce electric street cars. 129 years later, in a far more complex sector, our focus remains the same – to empower our community through leadership, partnership, technological innovation and electricity.

When the first streetlights were lit in Windsor, in 1914, our hydro peak load was approximately 800 H.P. or 0.6 MW of power. In 2017, we registered 464.2 MW. A lot has changed, but a lot remains the same. And, as we reflect on our history, we are preparing for the future.

As the electricity sector continues to transform at an unprecedented pace, it will be our job to guide our customers and our business through these changes, to manage rising electricity prices, and to prepare our electricity system to accomplish things that we've barely begun to imagine. The model we've used for more than a century is no longer sufficient. The future is beginning now.

Windsor Canada Utilities Ltd. is dedicated to staying on the cusp of innovation and creativity – to actively pursuing a conversation about the challenges and opportunities facing our industry – and to establishing the strong partners that will help us to increase our capabilities and manage our costs. We will continue to build and sustain the relationships that give us the power to build the future of our community.

The true power lies in working together.

Windsor Canada Utilities Ltd.

Mayor Drew Dilkens
Board Chair

Helga Reidel
President and CEO

Company Profile

Windsor Canada Utilities Ltd. (WCU, the Company or the Corporation) is 100 percent owned by The Corporation of the City of Windsor. It is a private company, registered under the Ontario Business Corporations Act, and overseen by an independent Board of Directors consisting of six members appointed by City Council. The core businesses of the Corporation, through its regulated and unregulated affiliates are electricity distribution and energy and utility services. The Company owns and operates two subsidiary companies.

ENWIN Utilities Ltd. (EWU, or ENWIN), the first of these two subsidiaries, is a regulated electricity Local Distribution Company (LDC) operating in the City of Windsor. ENWIN maintains an electricity distribution system, serving approximately 88,000 residential and commercial customers. As a condition of its distribution licence, ENWIN is required to meet Conservation and Demand Management (CDM) targets established by the Ontario Energy Board (OEB). ENWIN also maintains a contract of service with the **Windsor Utilities Commission (WUC)** to supply water to the residents of Windsor and two neighbouring towns.

ENWIN Energy Ltd. (EWE), the second of these subsidiaries, provides streetlight and sentinel light maintenance services to the City of Windsor, as well as engaging in partnerships to offer energy related services.

Windsor Utilities Commission (WUC), owns the water treatment and distribution system in the City of Windsor, and is responsible for setting water rates for customers in Windsor. ENWIN maintains a contract of service with WUC for the treatment of potable water and distribution to residents and businesses in Windsor, as well as wholesale water transmission to the neighbouring towns of Tecumseh and LaSalle.

We are ENWIN.

Strategic Overview

Windsor Canada Utilities Ltd.'s (WCU) 2017 Annual Report is the company's first to report against its 2017-2022 Strategic Direction, which outlined our business strategy.

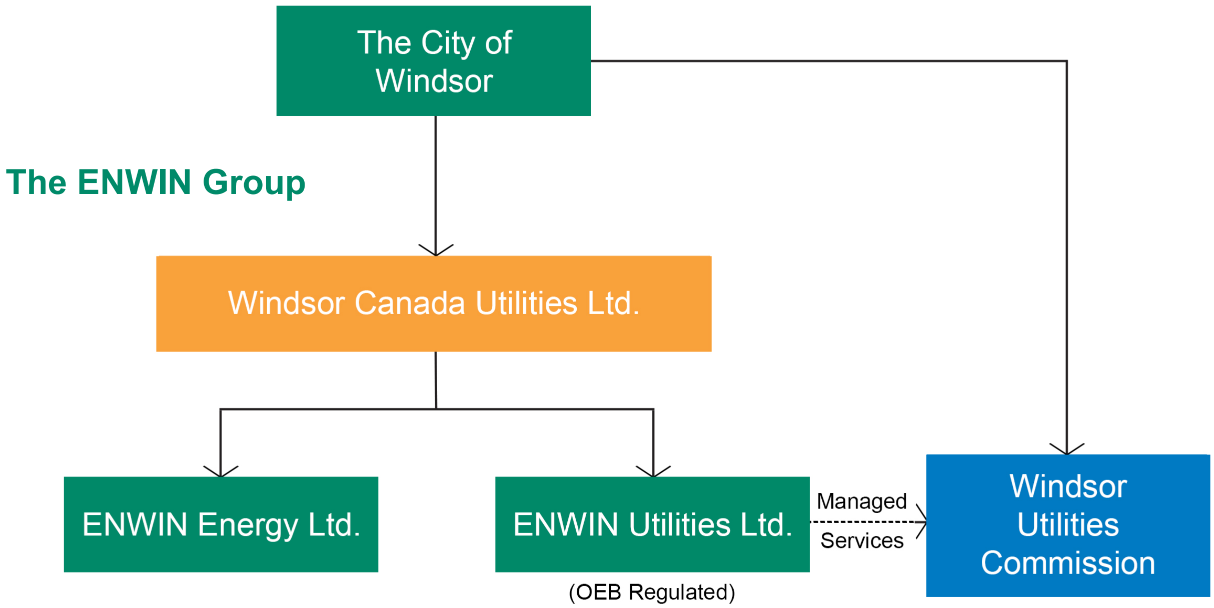
In conjunction with its 2017 budget process, the company established financial projections for the next five years. This report reflects year one of our progress against this plan.

We will continue to update our targets and projections with each annual budget and five-year forecast, in response to continually evolving customer, industry, regulatory and political environment mandates — reflecting important changes to the company itself, such as recognition of employee demographics and entry into new lines of unregulated business and regulatory requirements.

Throughout these changing dynamics — as reinforced in the Boards of Directors' Fall 2016 strategic session — WCU's vision remains: To be a trusted leader in providing exceptional value and services to our customers and stakeholders.

As demonstrated by our Strategic Compass — which is posted liberally throughout our workplaces — our strategic focus places the customer at the top of everything we do.

WCU believes that a sharp focus on the value its subsidiaries provides to customers will generate positive results in all areas of performance — including financial strength and business growth, operational efficiency and effectiveness, and contributions to the community. WCU's focus is people, both externally — our customers, our community and our stakeholders — and internally — our employees.



ENWIN is dedicated to partnering with St. Clair College to train the next generation of Powerline Technicians through its apprenticeship program.

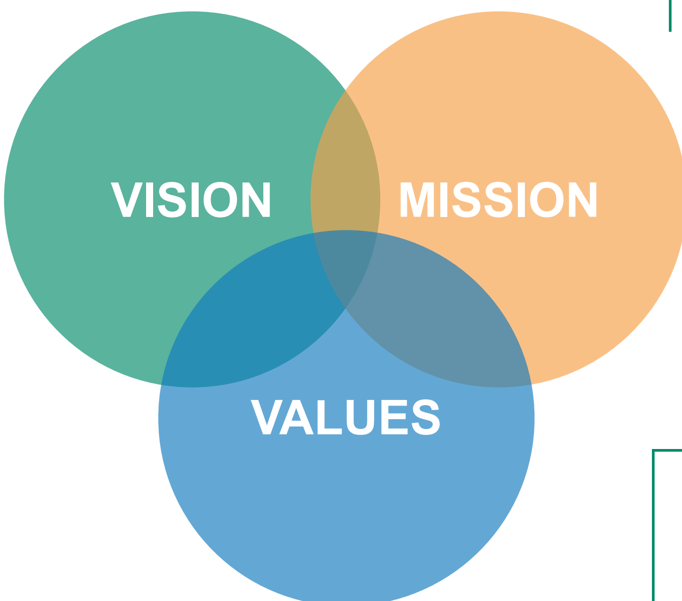
Mission, Vision and Values

Our Vision

To be a trusted leader in providing exceptional value and services to our customers and stakeholders.

Our Mission

To provide safe and reliable energy and water services in a cost effective manner.



Our Values

Leadership
Accountability
Integrity

Our Mission is to provide safe and reliable energy and water services in a cost-effective manner.

Windsor Canada Utilities Ltd. is both a community asset and an investment for our shareholder, the Corporation of the City of Windsor.

As a community asset, our goals are:

- To provide efficient and reliable services and a first-class customer experience to our customers; and
- To continue to be a strong strategic partner with the city, helping to deliver on its economic development and environmental agendas;

As an investment, our purpose is to provide stable, reliable and growing returns, and to increase shareholder value both in the short- and long-term.

Our Vision is to be a trusted leader in providing exceptional value and services to our customers and stakeholders.

Mission, Vision and Values

As the energy needs and options of our customers and our community evolve — and as signature projects and developments proceed — Windsor Canada Utilities Ltd., through its affiliates, will play a leading role in helping our city to transition to a smart energy future.

We will also continue to grow shareholder value, maintaining a focus on strategic business growth within our core areas of strength. Our growth agenda involves three basic components:

- **Electricity Distribution**: Continuing to evaluate opportunities to increase our distribution service territory;

- **Energy and Related Services**: Providing innovative solutions to help consumers, businesses and communities meet their energy objectives, through energy management, conservation, efficient street lighting, district energy, and demand response opportunities, among others; and

- **Utility Services**: Leveraging our assets and expertise to help other utilities to enhance the value they provide, creating new revenue streams and economies of scale, and in cooperation with the Windsor Utilities Commission through our water division, reaching an increasing number of customers with our award-winning water.

Taken as a whole, we believe a strategy that builds on our vision for the company's future presents a balanced program for solid performance, adaptation to a changing business environment and sustainable and profitable business growth.

We value leadership, accountability and integrity.

Windsor Canada Utilities Ltd. and its affiliates (together – The ENWIN Group) are committed to the organizational values of leadership, accountability and integrity. These values are reflected in our Employee Code of Conduct and Conflict of Interest Policy, our organizational structure and our transparent reporting of results and challenges.

Our Boards of Directors and our Senior Management Team support an environment that fosters and demonstrates ethical business conduct at all levels, and reflects these shared values. Every employee must lead by example.

We are considerate of all stakeholders.

Windsor Canada Utilities Ltd. and its affiliates take into account the interests of all our stakeholders, including employees, customers, suppliers, our shareholder and the communities and environment in which we operate.

We value our employees.

The quality of our workforce is our strength. We will strive to hire and retain the best qualified people available and maximize their opportunities for success.

We are committed to maintaining a safe, secure and healthy work environment, enriched by diversity and characterized by open communication, trust and fair treatment.

We put our customers first.

Our continued success depends on the quality of our customer interactions, and we are committed to delivering value across the entire customer experience.

We are honest, open and fair in our relationships with our customers. We provide reliable, responsive and innovative products and services in compliance with legislated rights and standards for access, safety, health and environmental protection.

We value fair, honest relationships.

We are honest and fair in our relationships with our suppliers and contractors. We purchase equipment, supplies and services on the basis of merit, utilizing our professional procurement policy.

We pay suppliers and contractors in accordance with agreed terms, encourage them to adopt responsible business practices, and require them to adhere to our health, safety and environment standards when working for The ENWIN Group.

We respect community and the environment.

We are committed to being responsible corporate citizens and will contribute to making the communities in which we operate better places in which to live and do business.

We are sensitive to the community's needs and dedicated to protecting and preserving the environment in which we operate.

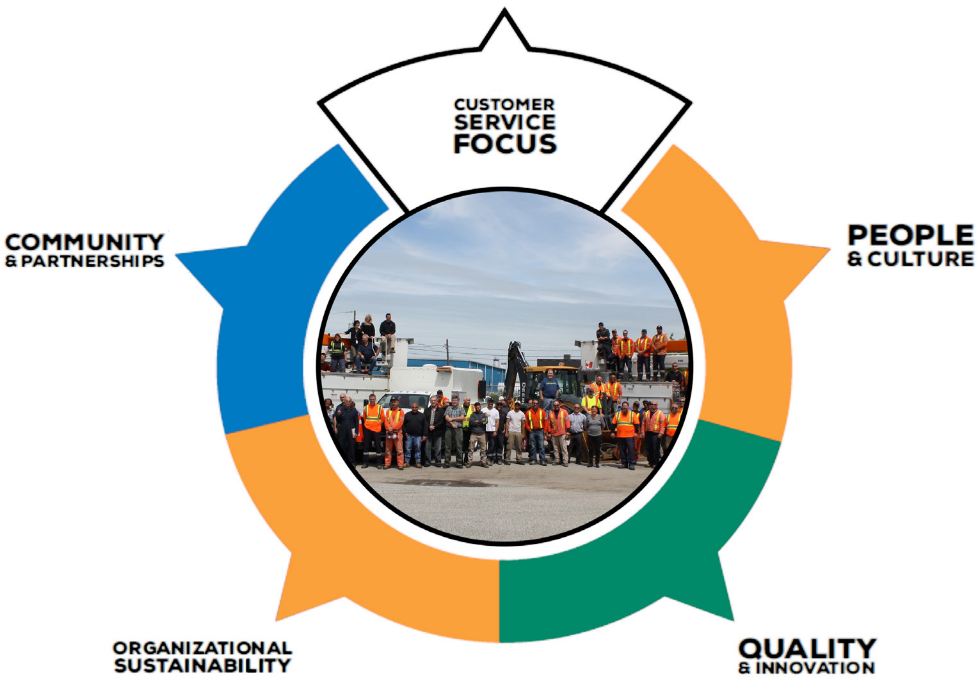
We are accountable.

We are financially accountable to our shareholder and to the institutions that underwrite our operations. We communicate to them all matters that are financially material to our organization.

We protect our shareholder's investment and manage risks effectively. We communicate to our shareholder all matters that are material to an understanding of our corporate governance.

ENWIN Total Service Area (Sq. km)
URBAN SERVICE AREA
121

Five Areas of Focus



Leadership • Accountability • Integrity

Strategic Objectives

The ENWIN Group's strategic themes fall into five areas of focus: Customer Service, People & Culture, Quality & Innovation, Organizational Sustainability and Community & Partnerships.

These five key areas of focus are supported by objectives that guide our activities through the current plan and form the basis of our annual reporting in the pages that follow. The Customer Service pillar always assumes the central position, as the most important driver of our business strategy.

Customer Service Focus

We will deliver exceptional value to our customers, by:

- Committing to the safe and reliable delivery of cost effective power and water services;
- Engaging and informing our customers about our business and its impact on them; and
- Understanding customer expectations, then defining, measuring and improving our service excellence, responsiveness and customer satisfaction.

People & Culture

We will provide a safe workplace with diverse, highly skilled and engaged employees by:

- Striving consistently for the highest health and safety standards and performance, for our employees and the public;
- Retaining, recruiting and developing the right people in the right roles and ensuring they deliver their best;
- Providing opportunities for staff to develop and grow into the leaders of tomorrow; and
- Fostering a culture of high performance, initiative and accountability.

Quality & Innovation

We will achieve operational excellence by:

- Championing continuous improvement, including technical innovation, productivity and cost performance throughout the organization;
- Planning and investing prudently to meet the future needs of our customers;
- Measuring and acting on best-practice metrics for reliability and quality; and
- Recognizing and rewarding innovation, responsiveness and leadership.

Organizational Sustainability

We will create sustainable performance, as well as owner and stakeholder value by:

- Developing, implementing and monitoring plans to achieve long term operational efficiencies and system reliability;
- Continually enhancing processes to maintain a financially viable organization;
- Ensuring effective governance and leadership;
- Planning for succession and developing and transferring knowledge;
- Defining, measuring and achieving targets; and
- Safeguarding private data and system security from unauthorized access.

Community & Partnership

We will support the success of our community by:

- Contributing to our customers' and other stakeholders' economic development opportunities;
- Collaborating and partnering strategically with other organizations to drive operational excellence, productivity and innovation; and
- Delivering on our obligations mandated by the government, including educating the community to promote conservation and protecting resources.

Our Strategic Plan

In late 2016, Windsor Canada Utilities Ltd. and its affiliates updated their strategic plan for 2017-2022, with a primary goal of centering our business around the customer. Customer centrality continues to drive our business strategy.

We believe that a sharp focus on the value we provide to our customers will generate positive results in all areas of performance — our financial strength and business growth, our operational efficiency and effectiveness, and our contributions to the well-being of our community.

A core premise of our 2017-2022 Strategic Direction is that the electricity service model is in the midst of significant transformation — taking on a more decentralized, customer-centric, technologically advanced and environmentally sustainable form.

The transition to a more customer-driven and customer-centric model in the electricity sector will present opportunities for energy providers that are able to innovate — and challenges for those that fail to adapt.

In mid-2017, our senior management team reviewed the external environment and developed our strategy for responding to this emerging landscape.

This strategy consists of ten core elements, as it pertained to the electricity business:

1. Taking customer experience to the next level by creating a customer value map including all customer groups;
2. Enhancing our service offerings through self-service or mobile application options;
3. Achieving a top quartile health and safety index recognition;
4. Ensuring our employees are engaged — that they are, and remain, high performing ambassadors who embrace the change and disruption in our industry;
5. Demonstrating continuous improvement in service quality;
6. Developing a new product roadmap;
7. Ensuring we maintain a positive brand;
8. Undertaking an active Enterprise Risk Management (ERM) process to address top organizational risks;
9. Defining and achieving long term ROI targets;
10. Enhancing the shared services/ cooperative model of achieving efficiencies through economies of scale.

In addition, the management team adopted two strategic initiatives for our water services division:

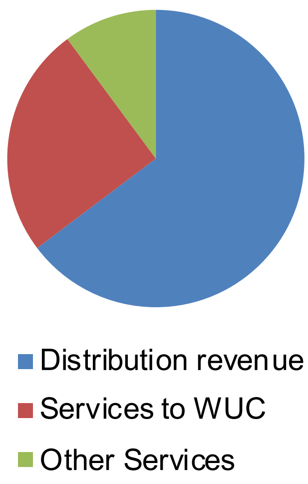
1. Security of Water System;
2. Regional Water System Expansion and Integration of Services and Supply.

ENWIN continues to invest in infrastructure, replacing end-of-life transformers, poles, conductors and station equipment.

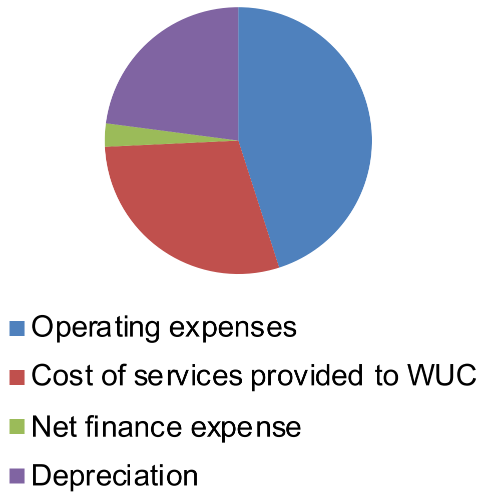
Financial Highlights

(in thousands of dollars)	2017	2016
Operations		
Total revenue	331,160	365,964
Distribution revenue	49,795	49,586
EBITDA	26,572	35,110
Net Income	7,930	15,646
Dividends	5,000	5,000
Balance Sheet		
Cash and investments	39,491	25,540
Property, Plant and Equipment & Intangible Assets	229,632	227,976
Total Assets	391,880	386,131
Long-term borrowings	102,457	102,445
Shareholders Equity	161,870	163,172
Cashflows		
Operating	30,991	26,773
Investing	19,271	15,014
Financing	4,178	4,179

Revenue by Type [1]



Expenses by Type [1]



1 Excludes the sale of electricty and cost of electricty

Management's Discussion and Analysis

Electricity Sector Overview

The electricity grid is one of the engineering marvels of modern history. It connects distant generators to homes and businesses, supplying electricity to support the activities of modern society.

Power Generation

Power is generated by large nuclear, hydro and fossil fuel generators. Smaller, greener, wind, solar and other renewable fuel generators also contribute to the electricity supply of the province.

Large generators deliver power to the provincial transmission grid. The Independent Electricity System Operator (IESO) directs the flow of power over these lines, ensuring the demand for electricity is matched by the supply of electricity into the system. It also provides funds for the province's conservation and demand management programs.

Transmission

Transmission companies own, operate and maintain the transmission lines. Local Distribution Companies (LDCs) such as ENWIN Utilities Ltd. (EWU) and in some cases, large industrial customers are connected to these transmission lines and purchase wholesale electricity from the Ontario electricity market.

Local Distribution

EWU, like other LDCs in Ontario owns and operates additional infrastructure to reduce the voltage of the incoming power and to distribute that power to homes and businesses in our service territories.

EWU meters the power its customers use and bills its customers for their usage. Revenues from those bills are used to pay the generators and the transmitter for the electricity they generated and moved across the province to our territory.

ENWIN Winter Max Monthly Peak Load (kW)
WITH EMBEDDED GENERATION

345,800

Management's Discussion and Analysis

Revenue Distribution

About 74% of the revenues billed go to the generators, the transmitter and the province, in the form of taxes. The remaining revenue is used by EWU to build, operate and maintain the electricity distribution infrastructure in the City of Windsor and to provide all the services associated with that supply, such as billing and call centre/customer support. Any excess may be paid as dividends or held for reinvestment into infrastructure.

Regulation, Policy & Direction

In Ontario, the Ministry of Energy (Ministry) sets the overall policy for the energy sector, guided by relevant laws and regulations.

The Ministry oversees the IESO and the Ontario Energy Board (OEB), which regulates the energy sector as set out primarily in three statutes — the Ontario Energy Board Act, 1998 (OEB Act); the Electricity Act, 1998; and the Energy Consumer Protection Act, 2010.

The OEB Act establishes the authority of the OEB to approve and fix all rates for the transmission and distribution of electricity in Ontario and to set standards of service, conduct and reporting that must be adhered to as a condition of being licensed.

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates electricity rates for distributors using a combination of detailed Cost of Service (COS) reviews and Incentive Regulation Mechanism (IRM) adjustments.

Under the OEB's rate-setting methods, actual operating conditions may vary from forecasts, such that actual returns achieved can differ from approved returns. Approved electricity rates are generally not adjusted as a result of actual costs or revenues being different from forecasted amounts, other than for certain prescribed costs that are eligible for deferral for future collection from, or refund to, customers.

Rates

EWU recovers its costs from customers through electricity distribution rates. These include the costs to:

- Design, build and maintain overhead and underground distribution lines, poles, stations and local transformers;
- Operate local distribution systems, including smart meters; and
- Provide customer service and emergency response.

Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distance, population density and growth and the proportion of residential to commercial and industrial consumers.

EWU's distribution charge to its residential customers represents less than 30 percent of the total amount the customer pays. EWU collects the entire electricity bill but keeps only this portion.

The balance is passed on, without markup, to regulators, the provincial government and the other companies responsible for generating and transmitting electricity and managing the market system.

EWU's distribution rates are set by the OEB, based on applications submitted for rate changes. In recent years EWU has not filed a COS application and as a result its portion of the bill has remained relatively constant. Effective July 1, 2017, Ontario's Fair Hydro Plan reduced electricity bills for residential customers by an average of 25%, including the 8% HST rebate introduced in January 2017. These reductions provided some relief for residential customer following several years of rate increases as outlined in the chart below.

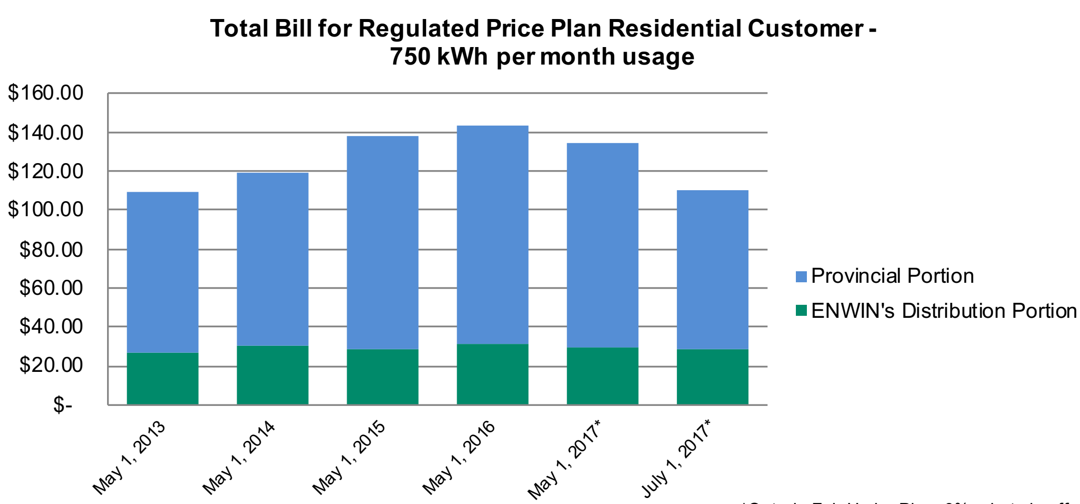
Rate Application Process

The OEB consumer-centric approach to rate applications, contained in the Renewed Regulatory Framework for Electricity (RRFE) requires LDCs to demonstrate that their services are provided in a manner that responds to identified customer needs and preferences.

Distributors are required to provide an overview of customer engagement activities they have undertaken with respect to their plans, and illustrate how customer needs and preferences have been reflected in the distributor's application.

These requirements have the effect of bringing customers directly into the process of finding the right balance between distribution costs and reliability.

The OEB does not specify how customer engagement should be accomplished, or how customer feedback should be received. However, it has encouraged utilities to use both existing and new processes.



*Ontario Fair Hydro Plan. 8% rebate in effect as of January 1, 2017.
Revised RPP prices in effect as of July 1, 2017.

Capability to Deliver Results

WCU's capability to achieve the objectives set out in its strategic direction is a function of its assets and expertise, both tangible and intangible, and its systems and capital resources.

Assets

WCU's total assets are $392 million. Its largest subsidiary, EWU, had significant ongoing investments in distribution infrastructure and technology systems in 2017. EWU is affected by the reality of aging infrastructure, which is a factor for many utilities. We continue to manage this through increased infrastructure investments and a detailed plan to target distribution system spending where it will have the most benefit.

In 2017, EWU invested $15.6 million to maintain and expand its distribution system and related infrastructure to meet customer needs. These investments are having the desired impact, with the company's electricity service reliability continuing to exceed Ontario benchmarks.

Electricity Distribution Assets

EWU and its predecessor companies have delivered a reliable supply of electricity to homes and businesses in Windsor for more than 100 years.

- Service Area – 121 square kilometers
- Overhead Circuitry – 670 kilometers
- Underground Circuitry - 452 kilometers
- Bulk Transformer Stations (owned by EWU) – 5
- Feeders – 50
- Distribution Transformers – 8,366
- Station Transformers – 10

Renewable Generation

EWU continued to help its customers contribute to the greening of the electricity supply — and reduce their electrical costs — by supporting their installation of solar panels supplying power to the grid through the Province's Feed-In Tariff (FIT) programs.

In 2017, the company processed more than 240 applications and connected 99 FIT/microFIT and 2 combined heat and power generators to its grid, in addition to connecting 597 new load customers.

Expertise

Our focus on people and culture recognizes the importance of the people whose talent, dedication and daily work supports the vision and mission of the company.

Our success depends on a highly skilled, well trained, knowledgeable workforce and a safe, healthy work environment. Achieving the company's strategic objectives requires an environment that enables constant growth and learning, to maintain a workforce with the right skill sets to deliver on existing and new business lines.

The ENWIN Group of companies employed 334 people at the end of 2017.

Maintaining Workforce Resources

As the utility sector workforce ages, the talent and experience drain associated with significant numbers of retirements remains at the forefront for many of Ontario's LDCs. Like many other utilities, ENWIN faces challenging workforce demographics that require a concerted response.

As our business changes, the profile of our workforce is changing as well. It is increasingly diverse in age, skills, background, belief, ethnicity, sexual orientation, and in many other ways. We are focused on creating a thriving and respectful workplace for all.

Through a comprehensive and integrated talent management strategy, we are focused on anticipating and meeting talent needs, attracting and retaining the right talent, effectively deploying resources and managing the development of our staff.

This includes:

- Extensive focused, mentored, on-the-job practical training apprenticeship programs to ensure the availability of qualified journeypersons.
- Partnerships with industry and educational institutions to support the implementation of the talent management strategy. These include collaborations with St. Clair College, other institutions and contractor associations to attract and hire top flight recruits, in a variety of positions in several departments. Most notably, sponsorship and a program delivery partnership with St. Clair College's Powerline Technician program, have allowed ENWIN to draw 12 apprentices from the ranks of its graduates in recent years. Two members of the program's first graduating class achieved journeyperson status with the company in 2017, and have bright futures ahead of them serving our customers. ENWIN offers:
- Programs for succession planning and management, training and development, to ensure that there are qualified employees in the talent pipeline for key positions;
- Expanding skillsets and Powerline Splicer classifications through a staffing initiative to properly equip a segment of staff with the diverse, enhanced skills to support and work in both overhead and underground environments. The Powerline Splicer program continued its evolution, and increased the flexible cadre of skilled tradespeople in the face of impending significant cable splicer retirements;
- A Diversity Plan, which fosters an inclusive culture that leverages diversity and enhances employee engagement and innovation.

ENWIN's employee compensation programs continued to support a culture that values high performance, and include market-driven and performance-based components to attract and retain key employees.

Capability to Deliver Results

Health and Safety

At The ENWIN Group, safety isn't just a priority — it is a fundamental component of our commitment to operating efficiently and effectively. We place a very high priority on protecting the health and safety of our employees and our community, and we are committed to ensuring everyone returns home safely at the end of each work day.

ENWIN seeks to educate our employees and to provide a foundation for continuous improvement initiatives that will help to develop, monitor and advance our goal of zero accidents and injuries. We believe an effective Health & Safety Management System (HSMS) is the key to a safe workplace — and ongoing commitment, participation and endorsement from our leaders is paramount to our success.

Through continuous education and training, we aim to ensure our employees are conducting their activities in a manner that makes health and safety a primary part of their daily activities.

At The ENWIN Group, our goal is to take a proactive approach to identifying risks and preventing safety issues before they occur, and to take immediate corrective action when a safety issue is identified.

Systems and Processes

The ENWIN Group continued to make significant investments in capital and maintenance in 2017, to enhance the company's effectiveness and to ensure the utility's assets are well maintained and positioned for the future.

More than $15.6 million in capital investments supported the distribution grid and its ability to serve customers. Of this,

- $5.8 million was dedicated to replacing portions of the grid that had reached their end-of-life; and
- The $9.8 million balance was spent connecting new customers, enhancing the resiliency of the grid and maintaining buildings, fleet and systems used to serve customers.

Other investments in 2017 included customer information and billing systems — including an enhanced customer website — information and operational technologies such as geographic information systems, system control, outage management and mobile workforce management systems.

We take seriously the security of our critical infrastructure, and are alert to any cyber activity that threatens data security. We collaborate proactively with government, regulators and private sector partners to manage this risk.

Our technology decisions continue to be based on three basic considerations:

- Enhancing service to our customers;
- Creating efficiencies that will increase our competitiveness; and
- Improving agility and resilience in the face of industry disruption.

ENWIN employees demonstrate a strong sense of corporate citizenship in our community.

Community Support Program

Focus on Community Partnership:
ENWIN Powerful Partners — A Different Kind of Super Hero

In 2017, ENWIN continued to build on its reputation as a responsible, community-focused partner, through a Community Support Committee that helped identify and build partnerships with charitable organizations within its service territory.

The committee is a team of volunteer employees, who reviewed dozens of applications – balancing community needs against available time and resources – to determine how the company could best support its employees' desire to support community.

ENWIN also launched its Powerful Partners communication campaign, to ensure visibility and recognition for employees and community partners – both in their everyday work and in their volunteer activities.

As powerful partners, ENWIN employees demonstrated a strong sense of corporate citizenship within the local community. 92 ENWIN employees participated in 74 distinct events and fundraising campaigns, volunteering a total of 128 times in support of the utility's community outreach efforts.

The list of community support partners assisted by ENWIN and its employees in 2017 is extensive.

It includes:

- Energy, water, safety and technology education programs with St. Clair College, the University of Windsor and The Safety Village;
- Community health and wellness programs with the John McGivney Children's Centre, Maryvale, The Canadian Cancer Society Windsor-Essex County, The Downtown Mission, The Windsor Goodfellows and The United Way/Centraide Windsor-Essex County;
- Memorial and legacy projects, such as the Hiram Walker memorial statue in Walkerville and the dedication of a Memorial Cup Remembrance Garden at WFCU; and
- Support for community leisure activities, such as Open Streets Windsor and the Windsor Spitfires Memorial Cup games.

In April 2017, ENWIN employees were honoured to receive the Hero of the Year Award from the United Way/Centraide Windsor-Essex County, for their dedication, ingenuity and creativity in planning and executing their United Way fundraising campaign.

Results - Progress Against the Plan

WCU's 2017-2022 Strategic Direction ensures that the utility will continue to build towards achieving strategic objectives in each of its five areas of focus.

The next five pages summarize EWU's performance towards these goals in 2017.

Results - Progress Against the Plan

Key Area of Focus: Customer Service

Strategic Objective: We will deliver exceptional value to our customers.

Performance Commitment	2017 Performance Highlights
Deliver safe, reliable, cost effective services Engage and inform our customers Measure and define customer expectations Improve customer satisfaction	• Gauged customer opinion using multiple methodologies including an online workbook, focus groups, one-on-one interviews and telephone surveys • Surveyed customers to assess knowledge of electrical safety, satisfaction with customer service and preferred method of communications about safety • Processed 240 applications and connected 99 solar microFIT and FIT customers to the grid • Connected 597 new load customers • Refined work methods to heighten outage request scrutiny, resulting in second best statistical reliability in ten years • Improved percentage of calls answered within 30 seconds from 70.68% to 78.21% • Met with customers at ten City Ward meetings • Launched an enhanced website improving contractor access to standards and processes • Conducted customer education sessions about Industrial Conservation Initiatives (ICI) • Hosted three-day RETScreen Expert Certification for industrial, municpal and institutional customers to assess viability and performance of renewable energy and energy efficient products • Returned conservation rebates of $2.4 million to participating customers • Supported customer events, such as Chrysler Kids Environmental Artwork Program

Key Area of Focus: People & Culture

Strategic Objective: We will provide a safe workplace with diverse, highly skilled and engaged employees.

Performance Commitment	2017 Performance Highlights
Attain consistent, high health and safety standards Retain, recruit and develop talent Provide growth and leadership opportunities Foster a culture of high performance, initiative and accountability	• Changed from Ontario Health and Safety Assessment Series (OHSAS) to Certificate of Recognition (COR™) and achieved COR™ equivalency. COR™ provides employers with an effective tool to assess their health and safety management system • Delivered extensive in-house apprenticeship programs, engineering and business internships ensuring availability of qualified future employees • Partnered with industry and educational institutions to support talent attraction and recruitment • A schedule of CEO messaging, annual Town Hall meetings and emails has encouraged input and engagement with employees • A Diversity Plan was put in place to foster an inclusive culture

ENWIN Summer Max Monthly Peak Load (kW)
WITH EMBEDDED GENERATION

464,200

Results - Progress Against the Plan

Key Area of Focus: Quality & Innovation

Strategic Objective: We will achieve operational excellence.

Performance Commitment	2017 Performance Highlights

Improve technical innovation, productivity and cost performance
 	
Plan and invest prudently to meet future needs
 	
Measure and achieve best-practice reliability and quality
 	
Recognize and reward innovation & leadership
	• Invested $15.6 million in its capital program in support of the distribution grid and its ability to serve customers, notably in the areas of:
	    • $5.8 million invested in replacing portions of the grid at end of life
	    • $9.8 million balance invested in connecting new customers, enhancing the resiliency of the grid, maintaining buildings, fleet and systems used to serve customers
	• Successfully completed its 2017 ESA audit cycle, obtaining full compliance with Regulation 22/04, with no ‘non-compliance’ or ‘needs improvements’ identified
	• Created a roster of hydro engineering design firms through a competitive process
	• An innovative Engineer, Procure and Construct contract for pole replacement was successfully completed
	• Intensified partnership with communications companies to share infrastructure and provide fibre to the community
	• Continued to explore use of Cold Spray technology to perform on-site repairs on transformers and switchgear enclosures, implementing pilot project to repair 20 units
	• Augmented highly skilled protection and control staff with transformer station maintenance contract staff in performance of preventative maintenance
	• Launched fifth Conservation and Demand Management pilot program funded by IESO’s Innovation Fund. The program focuses on helping industrial customers reduce compressed air consumption

Key Area of Focus: Organizational Sustainability

Strategic Objective: We will create sustainable performance, as well as owner and stakeholder value.

Performance Commitment	2017 Performance Highlights
Develop and implement plans for long-term efficiency and reliability Enhance processes to maintain financial viability Ensure effective governance and leadership Define, measure and achieve targets Safeguard private data and system security	• Invested $15.6 million to keep our electricity system strong and reliable • Joined GridSmartCity© cooperative to realize cost savings, information and future planning • Maintained membership in Utility Standards Forum (USF) cooperative to share information related to effectiveness and efficiency • Overtime costs reduced in 2017 — $250,000 less than the preceeding year • Defined targets aimed at achieving compliance with TSX governance guidelines • Proactive programs for succession planning and knowledge transfer have been undertaken to ensure a seamless transition from our veteran workforce to the next generation • Increased investment in cybersecurity initiatives • Commenced an Enterprise Risk Management (ERM) Initiative • Returned a $5 million dividend to our shareholder

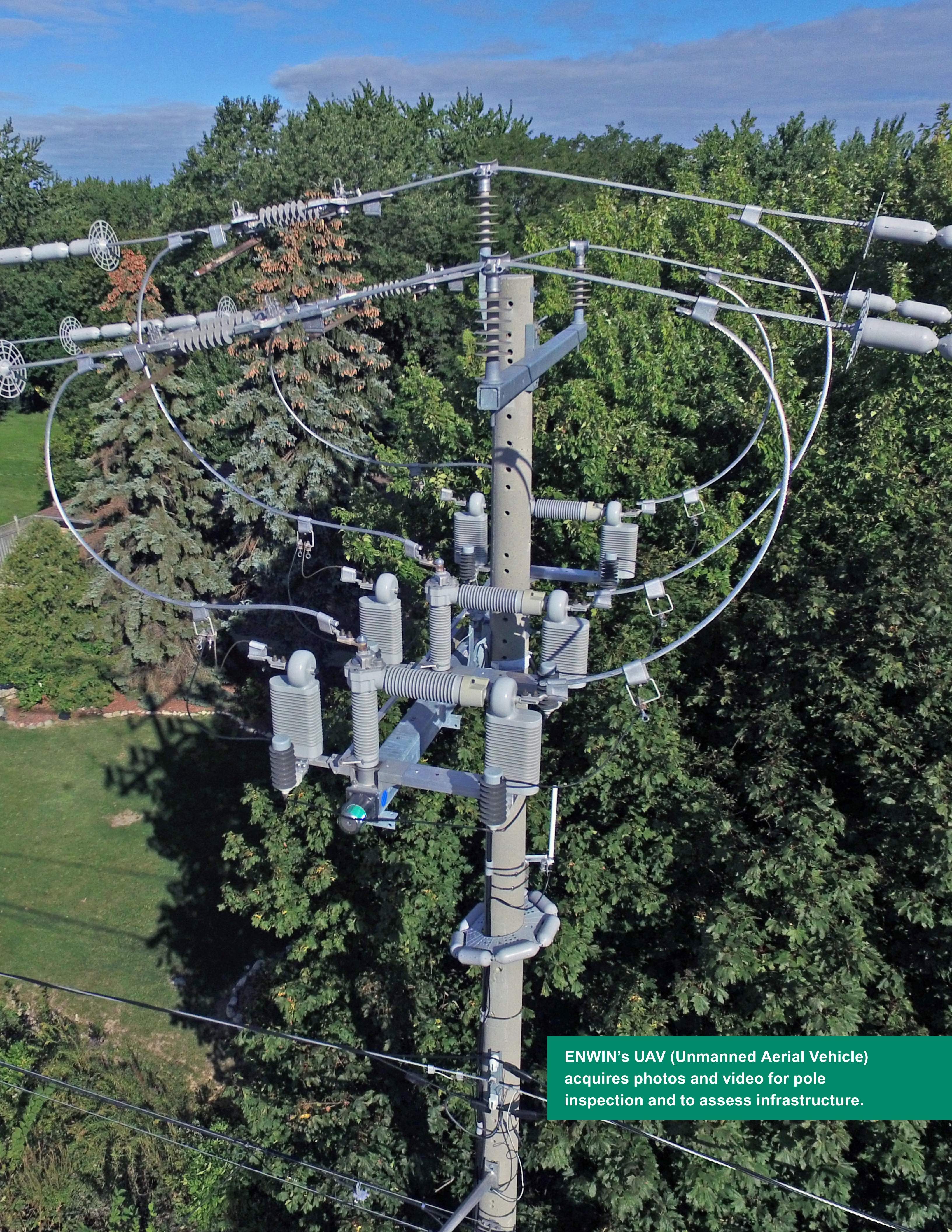
Results - Progress Against the Plan

Key Area of Focus: Community & Partnership

Strategic Objective: We will support the success of our community.

Performance Commitment	2017 Performance Highlights

Contribute to local economic development
 	
Collaborate strategically to drive excellence, productivity and innovation
 	
Educate the community to conserve and protect resources.
	• Partnerships in education offered programming, internships, cooperative work and learning experiences to students, most notably:
	  • St. Clair College, Marketing Program
	  • St. Clair College Powerline Technician Program
	  • University of Windsor School of Business
	  • University of Windsor Engineering Program
	
	• 92 employees volunteered on 128 distinct occasions at events with ENWIN's 2017 community partners
	
	• We supported nine ENWIN community support partners and 20 other organizations through fundraising initatives and corporate donations. Recipients included organizations related to safety, education, conservation, health and wellness, including:
	  • John McGivney Children's Centre
	  • Maryvale
	  • Cancer Society
	  • The Safety Village
	  • United Way
	  • My Safe Work
	  • Open Streets Windsor
	  • Dragon Boats for the Cure
	  • Earth Hour
	  • Customer Take Our Kids to Work Day
	  • Safety Partnership Event with Windsor Fire & Rescue Services
	  • Meet a Machine
	
	• Connected 698 new residents and businesses to our grid supporting economic development



ENWIN's UAV (Unmanned Aerial Vehicle) acquires photos and video for pole inspection and to assess infrastructure.

Financial Results

The selected consolidated financial results of the Corporation presented below should be viewed in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2017.

Windsor Canada Utilities Ltd. (WCU) has two wholly owned subsidiaries: ENWIN Utilities Ltd. (EWU) and ENWIN Energy Ltd. (EWE). The consolidated financial statements of WCU are a direct result of the activities generated by these two entities. EWU is the Local Distribution Company that provides electricity and related utilities services to almost 88,000 residential and business customers. EWU and the Windsor Utilities Commission entered into a Water System Operating Agreement (WSOA) in 2012 under which EWU provides utility serves to WUC. EWE provides streetlight maintenance for the City of Windsor.

Consolidated Statement of Income (Summary)

(in thousands of dollars)

Table 1

	2017	2016	Change
Revenue from the sale of electricity	254,223	287,402	(33,179)
Cost of electricity purchased	255,421	280,944	(25,523)
Net revenue (expense) from the sale of electricity	(1,198)	6,458	(7,656)
Distribution revenue	49,795	49,586	209
Other revenue	27,142	28,976	(1,834)
Net revenue	75,739	85,020	(9,281)
Operating Expenses			
Distribution expenses	5,572	6,038	(466)
Administrative expenses	43,595	43,872	(277)
	49,167	49,910	(743)
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	26,572	35,110	(8,538)
Depreciation expense	13,461	12,749	712
Net finance expense	1,653	1,814	(161)
Income before tax	11,458	20,547	(9,089)
Income tax	3,528	4,901	(1,373)
Net Income	7,930	15,646	(7,716)

ENWIN Average Peak Load (kW)
WITH EMBEDDED GENERATION

377,442

The statements are presented utilizing International Financial Reporting Standards (IFRS) as adopted by WCU initially in 2012. At the time of adoption, IFRS 14 – Regulatory Deferral Accounts was not available to EWU, and remains unavailable for EWU. Accordingly, these statements do not reflect recognition of the regulatory deferral accounts. Regulatory deferral accounts are prescribed by the OEB for tracking revenues and expenses that are subject to the rate setting process for EWU.

Since these accounts cannot be utilized in these financial statements, revenue and expenses associated with the sale and cost of electricity are recognized on a cash basis. This results in earnings volatility when the settlement of differences between what EWU charges its customers for the cost of power and pays the provincial electrical system operator takes place over more than one year.

For rate setting purposes the sale and cost of electricity is a flow-through item for which, over the long term, any net revenue or expenses resulting from the sale and cost of power are ultimately returned or charged to EWU's customers as mandated by the OEB. Accordingly, the operating results of EWU are typically viewed in absence of these amounts by the regulator and the company.

Net Income

Net income in 2017 was $7.9 million compared to $15.6 million in 2016. The $7.7 million reduction in earnings is due to differences between the sale of power and cost of power. In the absence of this, net income was very comparable to the prior year and provides for a 4.9% return on equity.

Sales and Costs of Electricity

In 2017, revenue from the sale of electricity of $254 million was 12% or $33.2 million less than in 2016. At the same time the cost of electricity paid by EWU decreased by $25.5 million. The combined difference in these changes had the effect of negatively impacting earnings in 2017 compared to 2016 in the amount of $7.7 million.

The reduction in revenue from the sale of electricity in 2017 was due to Ontario's Fair Hydro Plan, which provided for reduced time-of-use electricity rates for the majority of Ontario's residential and small commercial customers starting in May and July 2017.

The summary of historic time-of-use rates below illustrates the reduction of the average time-of-use rate from 13.30 cents per KWh in 2016 to 9.73 cents per KWh in July 2017.

Historical Time-of-Use Electricity Rates

Effective date	Off-peak price (¢ per kWh)	Mid-peak price (¢ per kWh)	On-peak price (¢ per kWh)	Average (¢ per kWh)
01-Jul-17	6.5	9.5	13.2	9.73
01-May-17	7.7	11.3	15.7	11.57
01-Nov-16	8.7	13.2	18	13.30
01-May-16	8.7	13.2	18	13.30
01-Nov-15	8.3	12.8	17.5	12.87
01-May-15	8	12.2	16.1	12.10
01-Nov-14	7.7	11.4	14	11.03
01-May-14	7.5	11.2	13.5	10.73
01-Nov-13	7.2	10.9	12.9	10.33
01-May-13	6.7	10.4	12.4	9.83
01-Nov-12	6.3	9.9	11.8	9.33
01-May-12	6.5	10	11.7	9.40

Distribution revenue

While the sale of electricity is a flow through cost for EWU, distribution charges on EWU customer bills become revenue for the Company to cover its operating and capital costs.

Financial Results

The rates used to establish distribution charges to EWU customers are set by the OEB. In 2017, distribution revenue of $49.8 million was $200 thousand, or 0.4% higher than in 2016.

In recent years EWU's rate applications to the OEB have provided for below inflation rate increases and accordingly the portion of our customers bill controlled by EWU has increased by just $1.78 per month since 2013 and is $1.72 per month less than in May 2014.

Table 2

Distribution portion of a Monthly Electric Bill for a Regulated Price Plan Residential Customer 750kWh per month usage (net of rate riders)					
May 1, 2013	May 1, 2014	May 1, 2015	May 1, 2016	May 1, 2017	July 1, 2017
$ 26.72	$ 30.22	$ 28.78	$ 31.02	$ 29.32	$ 28.50

Other Revenue

Other revenue for WCU includes amounts charged to WUC by EWU under the Water Services Operating Agreement, together with charges to the City of Windsor for street light maintenance and sewer surcharge billing and collection services, and other miscellaneous items detailed in note 17 of the audited financial statements. In 2017, services to WUC decreased by $1.2 million to $19.3 million. Other income items attributable primarily to services provided to the City of Windsor decreased by $623 thousand during the year. The reduced other revenue applicable to services provided to the City Windsor is related to lower costs incurred by EWU in 2017 related to these services.

Operating Expenses

Amortization and depreciation expense that was included in distribution and administrative expense in the audited financial statements has been presented separately in Table 1. Distribution expenses (excluding depreciation) of $5.6 million in 2017 are 7.7% lower than the prior year. Administrative expenses of $43.6 million include operating costs incurred under the Water Services Operating Agreement on behalf of WUC, as well as the administrative costs of The ENWIN Group. These costs, totaling $43.6 million, excluding depreciation and amortization, are $277 thousand lower than 2016.

Depreciation and Amortization

Depreciation and amortization on WCU's property, plant and equipment and intangible assets increased in 2017 by $712 thousand to $13.5 million primarily due to the ongoing investment in and expansion of the Corporation's electricity distribution infrastructure.

Net Finance Expense

Finance expense of $1.7 million includes interest expense of $4.3 million on the company's $103 million senior unsecured debentures which are due in 2042. The interest expense is offset by interest income from WUC of $2.15 million for its share of the senior unsecured debenture, $268 thousand earned on the company's sinking fund investments and $259 thousand earned on bank balances.

Table 3

Consolidated Balance Sheet (Summary)

(in thousands of dollars)	2017	2016	Change
Current assets			
Cash and short term investments	32,961	20,407	12,554
Accounts receivable and other current assets	57,548	68,315	(10,767)
Total current assets	90,509	88,722	1,787
Property, plant equipment and intangible assets	229,632	227,976	1,656
Other non current assets	71,739	69,433	2,306
Total Assets	391,880	386,131	5,749
Current liabilities	39,046	43,879	(4,833)
Long term debt	102,457	102,445	12
Other non-current liabilities	88,507	76,635	11,872
	230,010	222,959	7,051
Shareholder's equity	161,870	163,172	(1,302)
Total Liabilities and Equity	391,880	386,131	5,749

Financial Results

Assets

Total assets increased by approximately $5.8 million to $391.9 million during 2017. This increase is mainly due to the increase in cash and short term investments from $20.4 million to $33.0 million. This increase is offset by a reduction in accounts receivables, due primarily to lower electricity prices and billings resulting from Ontario's Fair Hydro Plan.

Other non-current asset balances increased by $2.3 million primarily as a result of the planned increase in the sinking fund investment; now at $6.5 million compared to $5.1 million in 2016.

Liabilities

Total liabilities increased by approximately $7.1 million to $230 million. The largest liability of WCU is the $103 million senior debenture. $52 million of the proceeds from the issuance of the debenture were loaned to WUC which pays its share of the annual interest costs to WCU, and has provided a guarantee to WCU in support of its ultimate repayment of these funds, reducing the overall exposure of WCU on this debt. This balance is not due until 2042, and funds are currently being set aside in a sinking fund to facilitate repayment.

The increase in other non-current liabilities is primarily a result of actuarial revaluations on the employee future benefits liability which increased from $59.5 million to $68.4 million. The employee future benefits liability is sensitive to interest rate changes and is expected to be volatile over the next several years.

Current liabilities declined by $4.8 million, resulting in improved working capital balances and strong liquidity.

Table 4

Consolidated Statement of Cash Flows (Summary)

(in thousands of dollars)	2017	2016	Change
Cash and cash equivalents, beginning of year	20,407	12,827	7,580
Cash provided by Operating activities	30,991	26,773	4,218
Cash used in Investing activities	(19,271)	(15,014)	(4,257)
Cash provided (used) by Financing activities	(4,178)	(4,179)	1
Cash and cash equivalents, end of year	27,949	20,407	7,542

Operating Activities

Cash provided by operating activities increased in 2017 from $26.8 million to $31.0 million primarily as a result of changes in working capital and a reduction of accounts receivable during the year.

Investing Activities

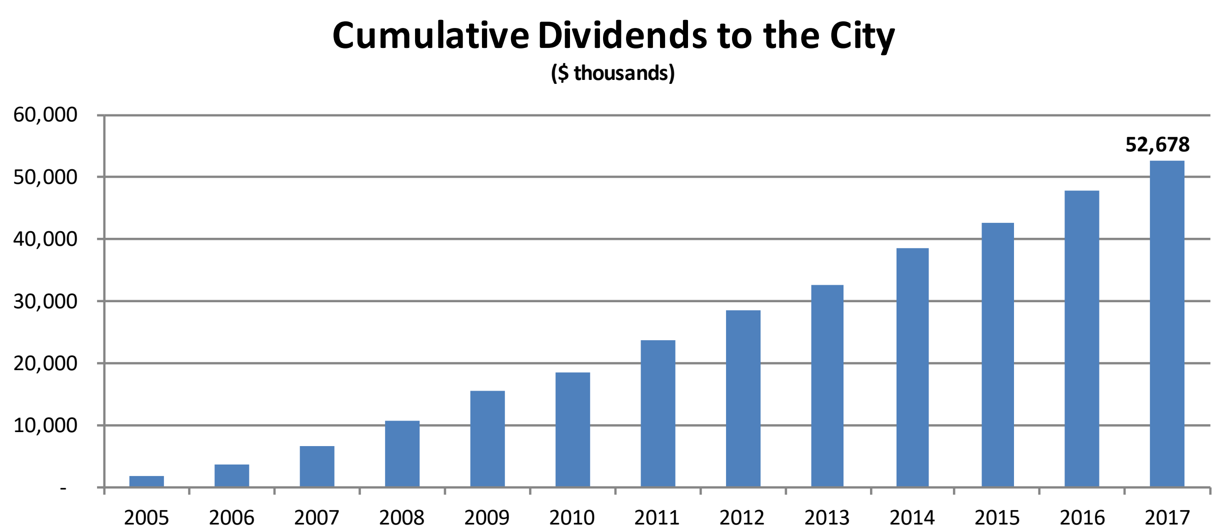
Cash used in investing activities was $19.3 million compared to $15.0 million in the prior year. Investing activities includes $15.6 million (2016 = $15.4 million) in capital expenditures targeting system renewal, technological advances and accommodating new customer growth. During the year the company also invested further in its sinking fund and short term GIC's in the amount of $6.2 million.

Financing Activities

Financing activities include dividends paid to the City of Windsor along with changes in related party balances. The dividend payment to the City of Windsor of $5 million is 25% in excess of the target of $4 million.

The company has paid cumulative dividends to the City of Windsor since 2005 of $52.7 million.

Table 5



Risks and Uncertainties

Windsor Canada Utilities Ltd. has adopted a systematic approach to the management of risks and uncertainties, integrating risk management into business processes and the periodic reporting of organizational performance.

The Corporation's Enterprise Risk Management (ERM) framework was established by the Board in 2017 and is to be renewed annually. It consolidates semi-annual risk reporting to the President and Chief Executive Officer, and to the Board, highlighting potential risk factors that may have an impact upon ENWIN's near-term business objectives and strategic direction.

The ERM framework supports and compliments WCU's strategic planning and annual business planning cycles, thereby enabling continuous review of assumptions and regularly refreshed environment scans.

WCU monitors sources of risk inherent in the industry and to the regulated environment. These include, but are not restricted to:

- The political and regulatory environment;
- The state of the economy and macro-economic trends;
- The state of financial markets and of investment in the utilities space;
- Government policies relating to the production and procurement of renewable and clean energy, as well as carbon emissions and conservation;
- The convergence of information technology and operational technology;
- Labour force demographics, with a particular emphasis on the renewal of human resources in the trades; and
- The weather.

In combination, these sources of risk will shape the evolution of the industry, which could in turn present new and emerging risks that need to be managed effectively.

Policy and Regulatory Change

On October 26, 2017, the Provincial Government released Ontario's Long-Term Energy Plan (LTEP). The LTEP outlined the Government's commitment to making energy more affordable, giving customers more choice and ensuring a reliable and innovative energy system.

On January 31, 2018, the OEB released its implementation plan for the LTEP.

Key to the implementation plan are:

- Assessment of reforms to promote greater efficiency and innovation;
- Definition of a new plan for rate regulation;
- Identification of barriers to the development of distributed energy resources; and
- Review and refinement of approaches to the price consumers pay for electricity.

It is uncertain at this time what the implementation of the LTEP will mean for the setting of future rates for WCU, and if the Company will have the necessary scope and scale of operations to effectively address the pending changes required to the grid. Political policy changes may also result from the upcoming Provincial election which may impact regulatory direction from the OEB and the business model of the Company.

Regulator Rate Setting Environment

ENWIN's electricity distribution business will soon be seeking approval from the Ontario Energy Board (OEB) for a re-basing of its distribution rates, having last done so in 2009. The Company is subject to the risk that the OEB will not approve the Company's distribution revenue requirements requested in future rates.

ENWIN's ability to recover the actual costs of providing services and earn the allowed ROE depends on the Company achieving its forecasts established in the rate setting process. If actual loads and energy consumption vary substantially from forecast, or if actual costs of operations, maintenance, administration, capital and financing materially deviate from projections included in the approved revenue requirements, ENWIN may not achieve its desired level of returns.

Electricity distribution is a capital intensive business. As ENWIN continues to invest in the renewal of existing aging infrastructure and the development of new infrastructure to address the changing technological needs of distributed electricity, there is no assurance that it will receive the necessary funding in rates from the OEB. To mitigate this risk, the Company strives to stay informed of OEB policy and decisions related to these matters.

LDC Consolidation in Ontario

Consolidation amongst municipally-owned LDCs is being encouraged at the provincial level, as an opportunity to attain economies of scope and scale that would work to the benefit of the customers of all the participating utilities.

However, the pursuit of this opportunity may be unviable if valuations for mergers and acquisitions remain at levels that utilities may consider excessive or potentially detrimental to their own interests, or those of the shareholder and ratepayers.

The possibility of voluntary consolidation or collaboration with like-minded municipally-owned LDCs for mutual benefit exists if policy direction, regulatory guidance and tax incentives were appropriately aligned.

EWU has formed strategic alliances with other utilities through membership in organizations such as GridSmartCity© and the Utility Standards Forum (USF), that offer an alternative to consolidation, by working together to find efficiencies through partnership. Failure to achieve economies of scale has been viewed as an enterprise risk by WCU with mitigation strategies as described.

Risks and Uncertainties

Changing Demand for Electricity Distribution Services

As costs decline for energy generation and storage technologies, LDC's customers may move progressively towards cost-competitive alternatives, thereby reducing customer need for and dependence on the grid. Should these trends materialize at a significant scale, policy and regulatory changes will be necessary in order for ENWIN to recover its investment in infrastructure.

Further, the role of the LDC through this change may differ and require further investment in technology and change in the nature of services provided by the LDC. Failure to adapt to the changing technologies and failure to invest in innovation or new business services may impact the business model of the Company.

Conversely, if policies and programs to respond to climate change accelerate the adoption of electric vehicles, the timing and level of demand for electricity may change significantly, resulting in changes to infrastructure needs and continued rate setting evolution.

Pension Plans

The Company provides a defined benefit pension plan for the majority of its employees through the Ontario Municipal Employees Retirement System (OMERS). Any future funding shortfalls and net losses at OMERS are subject to the OMERS Sponsors Corporation Funding Management Strategy, which outlines how benefits and contributions will be modified as the OMERS Primary Plan cycles through periods of funding deficit and surplus.

Pension benefit obligations and related net pension cost can be affected by volatility in the global financial and capital markets. There is no assurance that pension plan assets will earn the assumed long-term rates of return. Market-driven changes impacting the performance of the pension plan assets may result in material variations in actual returns on pension plan assets.

Technology Infrastructure

WCU's business relies on complex information systems, covering operational software as well as back office processes.

Operational systems include:

- A geographic information system;
- An outage management system; and
- An electricity system supervisory control and data acquisition system.

Back office processes, such as customer information and billing systems are heavily integrated with thousands of smart meters producing large volumes of data which is shared with Ontario's Smart Metering Entity.

The failure of one or more of these key systems, or a failure of the company to either plan effectively for future technology needs or to transition effectively to new technology systems, could adversely impact the business operations.

As the sector moves to develop distributed energy resources and smart grid technology, the requirement for efficient deployment of new technology increases.

WCU seeks to identify and manage such risks through rigorous technology planning and implementation of preventative and detective controls.

Cybersecurity

WCU and its affiliates operate complex information systems including Smart Metering and SCADA networks. These systems are integrated across the electricity sector and carry growing volumes of data. The increased volume of data and integration increases exposure to information security threats, including cybersecurity risks.

Our information and operational systems and information assets could be put at risk by a security breach, data corruption or system failure at a shared resource or common service provider.

Customer and Media Perceptions

Electricity utilities across Ontario are confronted with risks arising from negative customer and media perceptions.

These relate especially to high commodity prices in the electricity sector, which are outside the control of The ENWIN Group. Our local reputation is strong, and we are becoming recognized locally for our focus on customer value. This should enable WCU to manage the impact of customer dissatisfaction with the electricity sector at large, however the precise scope and nature of this risk factor cannot be foreseen.

WCU's subsidiary, EWU, also provides potable water production, transmission and distribution services through its water division team. The potential for contaminated source water may be viewed as an additional enterprise risk.

Labour Force Demographics

Across the electricity sector, retirements are outpacing new entrants to the workforce, which could have an adverse impact on WCU's ability to build a sustainable workforce and achieve its business objectives. This is particularly evident in field personnel. Failure to recruit and retain talent can lead to workforce overload and knowledge gap which may impact quality and safety.

As a significant portion of WCU's experienced workforce retires over the next decade, our continued focus on training and safety will be critical in maintaining safety and reliability across our system. Our investments in safety programs, apprenticeships, internships, diversity, knowledge management, and succession planning are designed to manage risks relating to workforce demographics.

Weather

Severe weather can significantly impact financial results, in part through increased capital and maintenance costs to repair or replace damaged equipment and infrastructure. Weather fluctuations also influence distribution revenues, which tend to increase with severe weather and decrease with moderate weather.

Risks and Uncertainties

Economy

The state of the local, national and international economies could have a significant impact on WCU's business performance, through factors

such as inflation, customer credit risk, weakening demand for electricity and/or value-added services, and availability of market capital to fund growth. The economic climate could also have an effect on the stability and performance of some of EWU's key business partners.

Outlook (Summary)

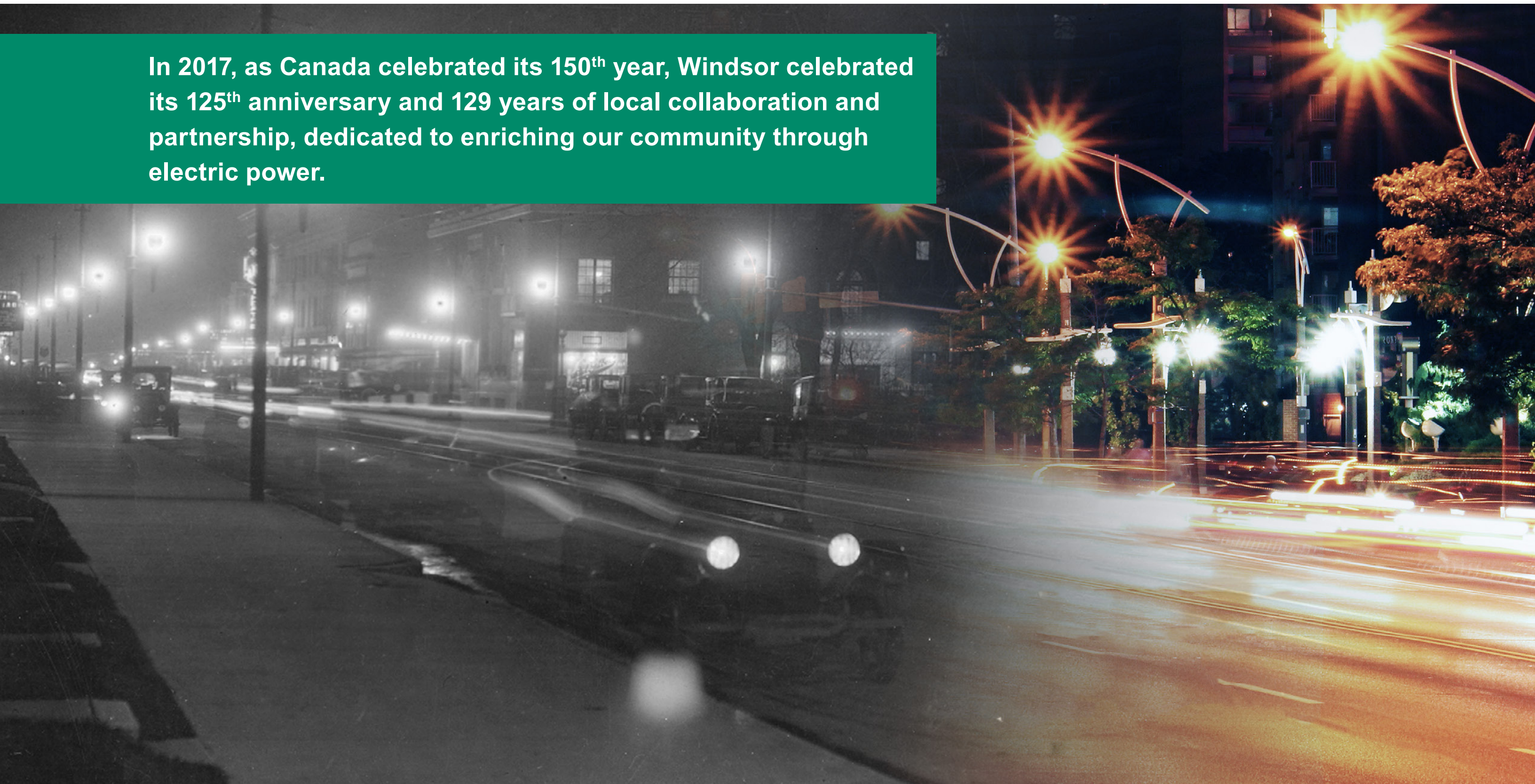
Subject to the risks and uncertainties discussed above, WCU through its subsidiaries will continue to provide efficient, reliable and competitively priced electricity distribution services to customers, and to provide energy and utility services and conservation expertise.

It is our goal to ensure that customers will continue to benefit from stable, moderate, and predictable rate impacts. In the interests of moderating future rate increases to the LDC's customers as fully as possible, WCU remains committed to ongoing innovation, productivity and cost containment.

WCU will also pursue expansion in non-regulated areas, including energy and utility services. Both business lines will leverage existing assets and expertise to achieve commercialization of new technologies.

This is expected to represent a third driver of financial strength in future years, supplementing the core distribution business and existing unregulated services.

In 2017, as Canada celebrated its 150th year, Windsor celebrated its 125th anniversary and 129 years of local collaboration and partnership, dedicated to enriching our community through electric power.



Through initiatives supported by ENWIN's Community Support Program, our employees are engaged throughout Windsor-Essex to help organizations and causes that make Windsor-Essex better.

Our customers are our first priority. It takes leadership, accountability and integrity to deliver on that commitment.

Consolidated Financial Statements

Windsor Canada Utilities Ltd.

Fiscal Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Windsor Canada Utilities Ltd.,

We have audited the accompanying consolidated financial statements of Windsor Canada Utilities Ltd., which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Windsor Canada Utilities Ltd., as at December 31, 2017, and its financial performance and its cash flows for the years ended in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
April 27, 2018

WINDSOR CANADA UTILITIES LTD.

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Year ended December 31, 2017

Consolidated Financial Statements:

WINDSOR CANADA UTILITIES LTD.

Consolidated Balance Sheet
(In thousands of Canadian dollars)

December 31, 2017, with comparative information for 2016

	Notes		2017		2016
Assets					
Current assets:					
Cash and cash equivalents	4	$	27,949	$	20,407
Investment	9		5,012		-
Accounts receivable	5		46,772		56,343
Payments in lieu of income taxes receivable	15		1,482		48
Due from related parties	20		3,428		4,909
Inventory	6		4,097		5,195
Other assets			1,769		1,820
			90,509		**88,722**
Non-current assets:					
Property, plant and equipment	7		220,934		216,220
Intangible assets	8		8,698		11,756
Investment, sinking fund	9		6,530		5,133
Work in progress			330		426
Due from related parties - debentures and post-retirement	20		54,877		55,699
Deferred income taxes	15		10,002		8,175
			301,371		**297,409**
Total assets		$	**391,880**	$	**386,131**
Liabilities					
Current liabilities:					
Accounts payable and accruals	10	$	30,444	$	32,507
Payments in lieu of income taxes payable	15		-		909
Due to related parties	20		5,219		5,785
Current portion of customer deposits	11		1,211		1,122
Deferred revenue			2,172		3,556
			39,046		**43,879**
Non-current liabilities:					
Customer deposits	11		7,434		6,351
Deferred revenue - customer contributions			12,681		10,809
Long-term borrowings	12		102,457		102,445
Employee future benefits	13		68,392		59,475
			190,964		**179,080**
Total liabilities			**230,010**		**222,959**
Equity					
Common shares	16		81,842		81,842
Contributed surplus			516		516
Retained earnings			87,548		84,618
Accumulated other comprehensive loss			(8,036)		(3,804)
			161,870		**163,172**
Commitments and contingencies	22				
Total liabilities and equity		$	**391,880**	$	**386,131**

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

Director

Director

WINDSOR CANADA UTILITIES LTD.
Consolidated Statement of Income
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes	2017	2016
Revenue from sale of electricity:			
Sale of electricity		$ 254,223	$ 287,402
Distribution revenue		49,795	49,586
		304,018	336,988
Cost of electricity purchased		255,421	280,944
Gross profit		**48,597**	**56,044**
Other revenue:			
Services provided to Windsor Utilities Commission	20	19,336	20,547
Other income from operations	17	7,806	8,429
		27,142	**28,976**
Operating expenses:			
Distribution expenses		12,236	12,404
Administrative expenses		50,392	50,255
		62,628	**62,659**
Income from operating activities		**13,111**	**22,361**
Finance expense (income):			
Finance income	19	(2,677)	(2,505)
Finance expense	19	4,330	4,319
		1,653	**1,814**
Income before tax		**11,458**	**20,547**
Income taxes:			
Provision for payments in lieu of corporate taxes	15	3,867	4,393
Deferred income taxes	15	(339)	508
		3,528	**4,901**
Income for the year		**$ 7,930**	**$ 15,646**

The accompanying notes are an integral part of these consolidated financial statements.

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Comprehensive Income
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes		2017		2016
Income for the year		$	**7,930**	$	**15,646**
Other comprehensive loss:					
Items that will not be reclassified to the statement of income:					
Remeasurement of employee future benefits loss	13		(5,758)		(2,885)
Related tax	15		1,526		764
Other comprehensive loss			**(4,232)**		**(2,121)**
Total comprehensive income for the year		**$**	**3,698**	**$**	**13,525**

The accompanying notes are an integral part of these financial statements.

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2016	$ 81,842	$ 516	$ 73,972	$ (1,683)	$ 154,647
Income for the year	-	-	15,646	-	15,646
Dividends declared	-	-	(5,000)	-	(5,000)
Other comprehensive loss	-	-	-	(2,121)	(2,121)
Balance at December 31, 2016	$ 81,842	$ 516	$ 84,618	$ (3,804)	$ 163,172
Income for the year	-	-	7,930	-	7,930
Dividends declared	-	-	(5,000)	-	(5,000)
Other comprehensive loss	-	-	-	(4,232)	(4,232)
Balance at December 31, 2017	$ 81,842	$ 516	$ 87,548	$ (8,036)	$ 161,870

The accompanying notes are an integral part of these consolidated financial statements.

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2017, with comparative information for 2016

	Notes	2017	2016
Cash flows from operating activities:			
Total comprehensive income for the year		$ 3,698	$ 13,525
Adjustments for:			
Depreciation and amortization	7, 8	13,461	12,749
Amortization of deferred revenue - customer contributions		(317)	(270)
Actuarial losses employee future benefits	13	5,758	2,885
Gain on sale of property, plant and equipment	17	(66)	(178)
Net finance expense	19	1,653	1,814
Income tax expense	15	3,867	4,393
		28,054	34,918
Changes in:			
Accounts receivable		9,571	(5,197)
Due from related parties	20	1,481	(937)
Inventory		1,098	(1,703)
Other assets		51	(513)
Work in process		96	(69)
Deferred income taxes		(1,827)	(293)
Accounts payable and accruals		(2,063)	2,038
PIL of income taxes		(1,656)	309
Due to related parties	20	(566)	(176)
Deferred revenue		(1,384)	(187)
Customer deposits		1,172	348
Employee benefits		3,159	3,101
		9,132	(3,279)
Interest paid		(4,318)	(4,307)
Interest received		2,677	2,505
Income taxes paid		(4,554)	(3,064)
Net cash from operating activities		**30,991**	**26,773**
Cash flows from investing activities:			
Acquisition of property, plant and equipment and intangible assets	7 , 8	(15,582)	(15,394)
Acquisition of investments	9	(6,200)	(1,200)
Gain on investment	9	(209)	(146)
Deferred revenue - customer contributions		2,189	1,070
Proceeds on sale of property, plant and equipment		531	656
Net cash used in investing activities		**(19,271)**	**(15,014)**
Cash flows from financing activities:			
Decrease in due from related parties	20	822	821
Dividends paid		(5,000)	(5,000)
Net cash used in financing activities		**(4,178)**	**(4,179)**
Net increase in cash and cash equivalents		**7,542**	**7,580**
Cash and cash equivalents at January 1		20,407	12,827
Cash and cash equivalents at December 31		**$ 27,949**	**$ 20,407**

The accompanying notes are an integral part of these consolidated financial statements.

WINDSOR CANADA UTILITIES LTD.

Table of Contents to Notes to the Consolidated Financial Statements

Year ended December 31, 2017

1. Reporting entity:

Windsor Canada Utilities Ltd. ("WCUL" or the "Corporation") is a holding company owned by its sole shareholder, the Corporation of the City of Windsor. WCUL was incorporated December 1999 under the Business Corporations Act (Ontario). The principal business of WCUL is to provide strategic direction and financing to the operations of *ENWIN* Utilities Ltd. ("EWU"), a rate-regulated distribution company and *ENWIN* Energy Ltd. ("EWE"), a non-regulated service company. The address of WCUL's registered office is 787 Ouellette Avenue, Windsor, Ontario, Canada.

The principal activity of WCUL, through its wholly-owned subsidiary, EWU, is the ownership and operation of the electricity distribution grid in the City of Windsor. WCUL, through its wholly-owned subsidiary, EWE, is also responsible for the provision of sentinel lighting to the businesses of the City of Windsor and street lighting maintenance services to the Corporation of the City of Windsor (the "City").

These financial statements are presented on a consolidated basis and include the following subsidiaries: EWU and EWE. Hereafter, for purposes of these notes, unless specifically referenced, any and all references to the "Corporation" refer to WCUL and its subsidiaries EWU and EWE.

On November 6, 2012, EWU and the Windsor Utilities Commission (the "Commission") entered into a Water System Operating Agreement ("WSOA"), whereby EWU agreed to provide services to the Commission with respect to operating the water treatment and distribution system as well as District Energy. The services include: management, administrative services, construction operations, and maintenance services. EWU is responsible for providing all personnel required to operate the water system and District Energy. Pursuant to the terms of the WSOA and the associated Employee Arrangement Agreement, also dated November 6, 2012, the Commission transferred all non-unionized employees and all unionized employees of the Commission to EWU. The Commission is a local board of the City.

The Corporation's arrangements with its subsidiaries, the Commission and the City are subject to the Ontario Energy Board's Affiliate Relationships Code, which is a code prescribed by and issued pursuant to the Ontario Energy Board Act, 1998.

2. Basis of Preparation

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors on April 27, 2018.

(c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) The accrued benefit related to the Corporation's unfunded defined benefit plan is actuarially determined and is measured at the present value of the defined benefit obligation.

(d) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand dollars.

(e) Use of estimates and judgements:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, significant areas where upon estimation was required that have the most significant effect on the amounts recognized in these consolidated financial statements, include:

(i) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed;
(ii) Note 7 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment;
(iii) Note 13 – Employee future benefits: measurement of the defined benefit obligation;
(iv) Note 21 – Financial instruments and risk management: valuation of financial instruments.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, include:

(i) The Corporation's determination that they are acting as a principal for electricity distribution and therefore have presented the electricity revenues on a gross basis.

(f) Rate regulation:

Effect of rate-setting regulations on EWU's activities and on these consolidated financial statements:

EWU is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and as a result these regulatory assets and liabilities have not been recorded in these consolidated IFRS financial statements.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

The Ontario Energy Board Act, 1998 conferred on the OEB powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the distribution of electricity and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as EWU, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct business, and filing and process requirements for rate setting purposes.

(i) Rate setting:

The electricity distribution rates and other regulated charges of EWU are determined by the OEB. This regulated rate-setting provides LDCs with the opportunity to recover the revenue requirement associated with owning and operating the LDC. The revenue requirement represents the forecasted prudent costs, including the cost of capital, which will be reasonably necessary for the LDC to invest in the electricity grid, operate the electricity grid, and serve customers in its licenced service area.

(ii) Rate Applications:

As set out in the OEB's Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, dated October 18, 2012, the OEB performs its rate-setting function using a combination of incentive rate-setting and cost of service rate-setting. Both rate-setting techniques are based on applications made by LDCs to the OEB. Provided an LDC meets OEB-specified performance parameters, the LDC can select from one of three rate-setting streams: 4th Generation Incentive Rate-setting, Custom Incentive Rate-setting, or Annual Incentive Rate-setting Index. Each of these streams entails different rate-setting schedules and substantive filing requirements. For all streams, the revenue requirement is established through a cost of service rate-setting application. The selection of stream determines the number of years that cost of service rate-setting application pertains to, and the number of years thereafter that the LDC is expected to file incentive rate-setting applications.

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate Applications (continued):

Cost of service rate-setting applications recalculate the revenue requirement through a comprehensive review of an LDC's forecasted costs for a prospective test year. The OEB reviews the costs through a rigorous process and ultimately decides on the recovery of allowed forecasted costs through rates. Incentive rate-setting applications mechanistically adjust the revenue requirement using an OEB-prescribed formula. That formula was established on November 21, 2013, in the OEB's Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors.

The OEB last used the cost of service technique to set EWU's electricity distribution rates for rates effective May 1, 2009. Since that time, EWU's rates have been mechanistically adjusted by the OEB through incentive rate-setting. EWU is on the Annual Incentive Rate-setting Index stream. EWU may apply for rates using the cost of service technique at a time of its own choosing, provided that EWU continues to meet OEB-specified performance parameters. If EWU does not continue to meet those parameters, the OEB may mandate EWU to file a cost of service rate-setting application. Separate from the annual rate-setting process, in 2013, EWU filed an application with the OEB for recovery of its prudently incurred costs associated with the provincial smart metering initiative. The OEB granted EWU recovery of those costs beginning in 2014.

(iii) Conservation and Demand Management:

New LDC Licence Requirements – Conservation and Demand Management ("CDM") Targets:

On March 26, 2014, the Ontario Energy Board was directed to amend the licenses of electricity distributors to include requirements for achieving certain CDM targets over a six year period commencing January 1, 2015. These targets specify that electricity distributors will make CDM programs (Province-Wide Programs, Local Distributor CDM Programs, or a combination of) available in their licensed service area to all customer segments; that CDM programs will be designated to achieve reductions in

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(iii) Conservation and Demand Management (continued):

electricity consumption; that each distributor shall meet its CDM requirements by making Province-Wide CDM programs; and provide details and results of Local Distributor CDM Programs available to other Distributors upon request, while having regard to any confidentiality and privacy constraints.

On March 31, 2014, the Independent Electricity System Operator ("IESO") was directed to coordinate, support and fund the delivery of CDM programs through electricity distributors to achieve a total of 7 TWh of reductions in electricity consumption over a six year period commencing January 1, 2015. EWU's contribution to the provincial target of 7 TWh is 151.3 GWh.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as an investment.

(b) Financial instruments:

All consolidated financial assets and liabilities of the Corporation are classified into one of the following categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available for sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities.

3. Significant accounting policies (continued):

(b) Financial instruments (continued):

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Investment	Fair value through profit or loss
Accounts payable and accruals	Other financial liabilities
Due to related parties	Other financial liabilities
Long-term borrowings	Other financial liabilities

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments classified as loans and receivables and other financial liabilities, are measured at amortized cost. Financial instruments classified as fair value through profit and loss are measured at fair value.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(c) Fair value:

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly; and

Level 3: inputs for assets and liabilities that are based on observable market data.

3. Significant accounting policies (continued):

(d) Inventory:

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis. Net realizable value is determined on a replacement cost basis.

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost or deemed cost on transition date, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's average cost of borrowing.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income as incurred.

3. **Significant accounting policies (continued):**

(e) Property, plant and equipment (continued):

(iii) Depreciation:

Depreciation is recognized in income on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 – 50 years
Distribution and metering equipment	8 – 80 years
Other assets	5 – 60 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in the consolidated statement of income.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Amortization:

Amortization is recognized in the consolidated statement of income on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

3. Significant accounting policies (continued):

(f) Intangible assets (continued):

Computer software	5 – 10 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(g) Work in process:

Work in process is recorded at cost, with cost being determined based on material purchased services, internal labour and overhead, as applicable.

(h) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in the consolidated statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of income.

3. Significant accounting policies (continued):

(h) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventory, work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income and are allocated to reduce the carrying amount of the assets in the cash-generating unit on a pro-rata basis.

3. Significant accounting policies (continued):

(i) Employee future benefits:

(i) Pension plan:

EWU provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable EWU to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income when they are due. At December 31, 2017, the OMERS plan is in a deficit position.

(ii) Post-employment benefits, other than pension:

EWU pays certain health, dental and life insurance benefits, under unfunded defined benefit plans, on behalf of its retired employees. These benefits are provided through a group defined benefit plan. EWU is the legal sponsor of the Plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. EWU has reflected its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these consolidated financial statements.

3. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(ii) Post-employment benefits, other than pension (continued):

EWU accrues the cost of these employee future benefits over the periods in which the employees earn the benefits. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. The current service cost for a period is equal to the actuarial present value of benefits attributed to that period in which employees rendered their services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. EWU determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period, taking into account any changes in the net benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of income.

Gains and losses on account of curtailment of settlement of these employee future benefits are recognized immediately in income.

In accordance with the WSOA and the Employee Arrangement Agreement between the Commission and EWU, the Plan was amended such that all active Commission management and union employees were included as part of the Plan, and have their coverage sponsored by EWU. A date of December 31, 2012 was assumed by the actuary to reflect this event in the Plan.

(j) Deferred revenue:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide new services. Cash contributions are initially recorded as current liabilities. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to a customers' capital contribution account.

3. Significant accounting policies (continued):

(j) Deferred revenue (continued):

The customers' capital contribution account, which represents EWU's obligation to continue to provide the customers with access to electricity, is reported as deferred revenue, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset.

(k) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB required that a customer's deposit be applied to the customer's account prior to the severance process commencing. OEB rules also specify that customer deposits in excess of unpaid account balances must be refunded to customers. Customer deposits are also refundable at EWU's discretion when a customer demonstrates an acceptable level of credit risk. EWU only retains commercial deposits. Customer deposits also include monies received from developers and distribution customers for services that are recorded as construction in progress and, once the assets are put into service, will be accounted for through a capital contribution.

(l) Revenue recognition:

Revenue for EWU is recognized at approved rates as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used and as estimated from the IESO.

EWU is licensed by the OEB to distribute electricity. As a licensed distributor, EWU is responsible for billing customers for electricity generated by third parties and other non-distribution costs of providing electricity service, such as transmission services, market operation services, and competitive retail services. EWU is required, pursuant to the regulation, to remit such amounts to the IESO and retailers, irrespective of whether EWU ultimately collects these amounts from customers. EWU has determined that it is acting as a principal for the sale of electricity and therefore has presented the electricity and service charge revenues on a gross basis.

3. Significant accounting policies (continued):

(l) Revenue recognition (continued):

Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

Customer billings for debt retirement charges are recorded on a net basis as EWU is acting as an agent for this revenue stream. EWU may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Other income for work orders is recorded on a net basis as the Corporation is acting as an agent for this revenue stream. All other amounts in other income are recorded on a gross basis and are recognized when services are rendered.

Revenue for EWE is recognized when services are performed.

(m) Lease payments:

Payments made under operating leases are recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

(n) Finance costs:

Finance costs comprise interest expense on borrowings and unwinding of the discount rate on provisions.

3. Significant accounting policies (continued):

(o) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Under the Electricity Act 1998, the Corporation makes payments in lieu of corporate taxes to OEFC. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments in lieu of taxes (“PILS”) are referred to as income taxes.

Current tax is the expected PILs payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of income in the year that includes the date of enactment or substantive enactment.

(p) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued):

(q) New standards and interpretations not yet adopted:

The following standards, which are not yet effective for the year ended December 31, 2017, have not been applied in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 16 Leases

IFRS 16, issued on January 13, 2016, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

(in thousands of Canadian dollars)

3. Significant accounting policies (continued):

(q) New standards and interpretations not yet adopted (continued):

IFRS 16 Leases (continued)

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17. The Corporation does not intend to early adopt these standards. The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

4. Cash and cash equivalents:

	2017	2016
Cash and cash equivalents	$ 27,949	$ 20,407
Cash and cash equivalents	$ 27,949	$ 20,407

The Corporation has an agreement with a Canadian chartered bank for an operating line of credit in the amount of $75,000 (2016 - $75,000) bearing interest at prime minus 0.25%. The line of credit restricts the availability of the Corporation to lien assets.

The Corporation has provided a $32,755 prudential guarantee to the IESO in addition to the $4,414 letter of credit EWU issued to the IESO in order to satisfy the IESO's prudential support obligation.

(in thousands of Canadian dollars)

5. Accounts receivable:

	2017	2016
Trade receivables	$ 21,169	$ 26,026
Unbilled revenue	26,641	31,568
Allowance for doubtful accounts	(1,038)	(1,251)
Accounts receivable	$ 46,772	$ 56,343

6. Inventory:

Inventory consists of parts and supplies acquired for capital, internal construction, maintenance or recoverable work.

The amount of inventory consumed by the Corporation and recognized as an expense during 2017 was $5,164 (2016 - $5,266).

7. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction work-in-progress	Total
Balance at January 1, 2016	$ 20,501	$ 209,659	$ 17,049	$ 5,938	$ 253,147
Additions	246	13,540	1,370	(2,558)	12,598
Disposals/retirements	(8)	(576)	(2)	-	(586)
Balance at December 31, 2016	$ 20,739	$ 222,623	$ 18,417	$ 3,380	$ 265,159
Balance at January 1, 2017	$ 20,739	$ 222,623	$ 18,417	$ 3,380	$ 265,159
Additions	364	13,019	1,405	(368)	14,420
Disposals/retirements	(22)	(600)	-	-	(622)
Balance at December 31, 2017	$ 21,081	$ 235,042	$ 19,822	$ 3,012	$ 278,957

(in thousands of Canadian dollars)

7. Property, plant and equipment (continued):

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction work-in-progress	Total
Balance at January 1, 2016	$ 4,310	$ 27,038	$ 8,807	$ -	$ 40,155
Depreciation charge for the year	901	6,361	1,630	-	8,892
Disposals/retirements	-	(107)	(1)	-	(108)
Balance at December 31, 2016	$ 5,211	$ 33,292	$10,436	$ -	$ 48,939
Balance at January 1, 2017	$ 5,211	$ 33,292	$10,436	$ -	$ 48,939
Depreciation charge for the year	918	6,659	1,664	-	9,241
Disposals/retirements	-	(157)	-	-	(157)
Balance at December 31, 2017	$ 6,129	$ 39,794	$12,100	$ -	$ 58,023

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction work-in-progress	Total
December 31, 2016	$ 15,528	$ 189,331	$ 7,981	$ 3,380	$ 216,220
December 31, 2017	$ 14,952	$ 195,248	$ 7,722	$ 3,012	$ 220,934

(in thousands of Canadian dollars)

7. Property, plant and equipment (continued):

(d) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment has been allocated to income as follows:

	Distribution expenses	Administration expenses	Total
December 31, 2016:			
Depreciation of property, plant and equipment	$ 6,366	$ 2,526	$ 8,892
	$ 6,366	$ 2,526	$ 8,892
December 31, 2017:			
Depreciation of property, plant and equipment	$ 6,664	$ 2,577	$ 9,241
	$ 6,664	$ 2,577	$ 9,241

Depreciation expense of $9,241 (2016 - $8,892) is included in distribution and administration expenses on the consolidated statement of income.

8. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2016	$ 25,531
Additions	2,796
Balance at December 31, 2016	$ 28,327
Balance at January 1, 2017	$ 28,327
Additions	1,162
Balance at December 31, 2017	$ 29,489

(in thousands of Canadian dollars)

8. Intangible assets (continued):

(b) Accumulated amortization:

		Computer software
Balance at January 1, 2016	$	12,714
Amortization charge for the year		3,857
Balance at December 31, 2016	$	16,571
Balance at January 1, 2017	$	16,571
Amortization charge for the year		4,220
Balance at December 31, 2017	$	20,791

(c) Carrying amounts:

		Computer software
December 31, 2016	$	11,756
December 31, 2017	$	8,698

Amortization expense of $4,220 (2016 - $3,857) is included in administration expenses on the consolidated statement of income.

9. Investment:

In 2014, a sinking fund was established with the intent to ensure sufficient funds are available to settle debentures issued November 6, 2012, with a maturity date of November 6, 2042, in the amount of $103,000. There are no restrictions with this investment. Annual payments are expected to be completed to satisfy the obligation.

These investments are recorded at fair value as of December 31, 2017, and are invested in fixed income and equity markets as established by the Corporation's investment policy.

(in thousands of Canadian dollars)

9. Investment (continued):

		2017		2016
Investment:				
Sinking fund	$	6,530	$	5,133
Investment, sinking fund	$	6,530	$	5,133

In 2017, EWE invested in short term fixed income investments. An initial investment of $1,000 has been invested in a Cashable GIC at a rate of 2% compounded annually (2016 – $nil) with a maturity date of October 26, 2018. A term deposit of an initial amount of $1,500 has been invested at a 2.25% rate compounded annually (2016 – $nil), with a maturity date of October 26, 2018. An initial investment of $2,500 has been invested in a high interest savings account at the rate of 1.45% (2016 – $nil).

		2017		2016
Investment:				
Cashable GIC		1,003		-
Term deposit		1,506		-
High interest savings		2,503		-
Total investment	$	5,012	$	-

10. Accounts payable and accruals:

		2017		2016
Trade payables	$	22,632	$	28,721
Accrued expenses		7,812		3,786
	$	30,444	$	32,507

See accounting policies in Note 3(b). Information about the Corporation's exposure to currency and liquidity risk is included in Note 21.

(in thousands of Canadian dollars)

11. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Customer deposits comprise:

	2017	2016
Customer deposits	$ 6,770	$ 6,467
Construction deposits	1,875	1,006
	8,645	7,473
Less: current portion	1,211	1,122
	$ 7,434	$ 6,351

12. Long-term borrowings:

Long-term borrowings comprise:

	2017	2016
Debentures payable	$ 103,000	$ 103,000
Less: debt issuance costs	(543)	(555)
	$ 102,457	$ 102,445

Senior unsecured debentures, which have a maturity date of November 6, 2042, and bearing interest at a rate of 4.134% per annum, were issued on November 6, 2012. Interest is payable in equal semi-annual instalments, in arrears, on May 6 and November 6 each year commencing May 6, 2013, until maturity. The debentures are represented by a single Global Debenture Certificate registered in the name of CDS & Co. In order to put the debentures in place, the Corporation incurred debt issuance costs in the amount of $601. The debentures require semi-annual interest payments only to 2042 of $2,129, with a final principal payment of $103,000 due November 6, 2042.

(in thousands of Canadian dollars)

12. Long-term borrowings (continued):

The Corporation incurred interest expense in respect of the debentures of $4,258 (2016 - $4,258), which is recognized as part of finance expense on the consolidated statement of income.

The Commission is a guarantor of $52,000 in relation to the debentures and is a borrower of that same amount from WCUL pursuant to a revolving credit agreement also entered into on November 6, 2012. The Commission is obligated to make due and punctual payments of the principal and applicable interest on each debenture on their due dates, on maturity, on redemption or on acceleration.

13. Employee future benefits:

EWU pays certain health, dental and life insurance benefits on behalf of its retired employees. Significant assumptions underlying the actuarial valuation include management's best estimate of the interest (discount) rate, mortality decrement, the average retirement age of employees, employee turnover and expected health and dental care costs.

The Plan was amended such that all active Commission management and union employees covered under the Commission collective agreement from July 1, 2012, would be included as part of the Plan and have their coverage sponsored by EWU. The December 31, 2012 date was chosen to reflect this event in the Plan. Reference note 1 for further information.

EWU measures its accrued benefit liability for accounting purposes as at December 31 each year. A valuation date of December 31, 2016, with extrapolation to December 31, 2017, has been used to calculate the current obligation. EWU's employee future benefit liability consists of the following:

	2017	2016
Defined benefit liability	$ 68,392	$ 59,475
Defined benefit liability, end of year	$ 68,392	$ 59,475

(in thousands of Canadian dollars)

13. Employee future benefits (continued):

Information about EWU's unfunded defined benefit plan is as follows:

Changes in the present value of the defined benefit liability:

	2017	2016
Defined benefit liability, beginning of year	$ 59,475	$ 53,489
Defined benefit expense	4,647	4,442
Actuarial losses on liability recognized in other comprehensive income	5,758	2,885
Benefits paid for the year	(1,488)	(1,341)
Defined benefit liability, end of year	$ 68,392	$ 59,475

Components of defined benefit expense recognized are as follows:

	2017	2016
Current service cost	$ 2,358	$ 2,281
Interest cost	2,289	2,161
Defined benefit expense	$ 4,647	$ 4,442

Defined benefit expense for the year is recognized as operating expense on the consolidated statement of income.

The main actuarial assumptions underlying the valuation are as follows:

(a) Health care cost trend rates:

The health care cost trend for prescription drugs is estimated to increase at 6.5% in 2017 (6.5% in 2016) grading down to 4.5% by 2027. Other health expenses are estimated to increase at 5.83% (5.97% in 2016) grading down to 4.5% by 2027. Dental expenses are estimated to increase at 4.0% (4.0% in 2016) per year.

(in thousands of Canadian dollars)

13. Employee future benefits (continued):

(b) Discount rate:

The liability at the period end and the present value of future liabilities were determined using a discount rate of 3.4% (2016 - 3.9%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

(c) Mortality decrement:

The rates applicable to public sector retirees in the 2014 Canadian Pensioners Mortality table ("CPM 2014") produced by the Canadian Institute of Actuaries ("CIA") were used as the basis of these assumptions.

A 1% or one year change in actuarial assumptions, assuming all other factors remain constant, has the following impact on the defined benefit liability carrying amount:

	December 31, 2017		December 31, 2016	
	Increase	Decrease	Increase	Decrease
Health care trend rate (1% change)	$ 12,993	$(10,199)	$ 10,349	$ (8,208)
Discount rate (1% change)	$ (10,950)	$ 14,219	$ (9,236)	$ 11,921
Mortality (1 year)	$ 2,992	$ (2,890)	$ 2,382	$ (2,306)

14. Pension plan:

EWU participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan has been accounted for as a defined contribution plan. Contributions during the year were 9.0% (2016 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2016 - 14.6%) thereafter. During 2017, EWU expensed contributions totalling $2,887 (2016 - $2,941) made to OMERS in respect of the employer's required contributions to the plan. Estimated contributions for 2018 are $3,059.

(in thousands of Canadian dollars)

15. Income taxes (provision for payment in lieu of corporate taxes):

	2017	2016
Current tax expense:		
Current year	$ 3,925	$ 5,274
Adjustments for prior years	(58)	(117)
Deferred tax expense:		
Origination and reversal of temporary differences	(2,343)	(1,020)
Adjustments for prior years	478	-
Tax related to remeasurement of employee future benefits loss	1,526	764
Total income taxes expense	$ 3,528	$ 4,901

The provision for income taxes varies from amounts which would be computed by applying the Corporation’s combined statutory income tax rate as follows:

	2017	2016
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Change in income tax resulting from:		
Items not deductible for tax purposes and other	4.29%	(2.65)%
Effective rate applied to comprehensive income before income taxes	30.79%	23.85%

The components of the deferred income tax assets and liabilities are summarized as follows:

	2017	2016
Deferred tax assets:		
Employee benefits	$ 11,589	$ 9,008
Property, plant and equipment	4	42
Intangible assets	-	1,074
Other	309	278
Deferred tax liabilities:		
Property, plant and equipment	1,034	1,184
Regulatory liabilities	748	926
Other	118	117
Net deferred income tax asset	$ 10,002	$ 8,175

(in thousands of Canadian dollars)

15. Income taxes (provision for payment in lieu of corporate taxes) (continued):

At December 31, 2017, a deferred tax asset of $10,002 (2016 - $8,175) has been recorded. The utilization of this tax asset is dependent on future taxable income in excess of income arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

16. Share capital:

	2017	2016
Authorized:		
Unlimited common shares		
Issued:		
2,000 common shares	$ 81,842	$ 81,842

17. Other Income:

Other income comprises:

	2017	2016
Change in occupancy	$ 403	$ 417
Late payment and collection charges	366	404
Other operating revenues	3,280	3,577
Gain on disposal of property, plant and equipment	66	178
Pole rental	618	588
Sale of scrap	82	128
Sewer surcharge billing and collecting	2,891	3,028
Sentinel lighting rental	100	109
Total other income	$ 7,806	$ 8,429

18. Employee benefits:

	Note	2017	2016
Salaries and benefits		$ 24,066	$ 24,443
Contributions to multi-employer plan	14	2,887	2,941
Expenses related to defined benefit plans	13	4,647	4,442
		$ 31,600	$ 31,826

(in thousands of Canadian dollars)

19. Finance expense (income):

	2017	2016
Finance income:		
Interest income on loans to affiliate	$ (2,150)	$ (2,150)
Interest income on bank balances	(259)	(209)
Income on investment	(268)	(146)
	$ (2,677)	$ (2,505)
Finance expense:		
Interest expense on long-term borrowings	$ 4,258	$ 4,258
Discount on related party debt	12	12
Other	60	49
	$ 4,330	$ 4,319
Net finance expense	$ 1,653	$ 1,814

20. Related party transactions:

(a) Parent and ultimate controlling party:

The parent is the Corporation of the City of Windsor (the “City”). The City produces consolidated financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation has been defined as members of its board of directors and executive management team members.

Key management compensation:

	2017	2016
Salaries and other short-term benefits	$ 1,116	$ 886
Post-employment benefits	12	12
	$ 1,128	$ 898

(in thousands of Canadian dollars)

20. Related party transactions (continued):

(c) Transactions with parent:

EWU provides waste water billing and related services for the City, for which EWU charges a fee. The total amount charged to the City for the year ended December 31, 2017, was $2,891 (2016 - $3,028). The fee charged for the waste water billing and related services were recognized as other income from operations on the consolidated statement of income.

EWU collects and remits the waste water billing amounts on behalf of the City. The total amount owing to the City at December 31, 2017, relating to waste water billing was $5,219 (2016 - $5,785).

EWE provides street lighting maintenance services to the City. The total amount charged to the City for the year ended December 31, 2017, relating to street lighting maintenance services was $1,817 (2016 - $2,145) and is recorded as part of other income from operations in the consolidated statement of income.

(d) Transactions with entities under common control:

On November 6, 2012, EWU and the Commission entered into a WSOA, whereby EWU agreed to provide services to the Commission with respect to the operation of the Commission’s water system and District Energy. The total amount charged to the Commission for the year ended December 31, 2017, was $19,336 (2016 - $20,547).

(e) Amounts due from (to) related parties:

The amounts due from related parties consist of:

		2017		2016
Due from company under common control:				
Due from Windsor Utilities Commission	$	3,145	$	3,767
Due from parent:				
Due from the Corporation of the City of Windsor		283		1,142
	$	3,428	$	4,909

(in thousands of Canadian dollars)

20. Related party transactions (continued):

(e) Amounts due from (to) related parties (continued):

The amount due from the City and the Commission are due on demand and are non-interest bearing. These amounts have no specified repayment terms.

Long term receivable due from related parties consist of:

	2017	2016
Due from Windsor Utilities Commission, debentures	$ 52,000	$ 52,000
Due from Windsor Utilities Commission, post-retirement	3,699	4,520
Less: Current portion post–retirement	822	821
Due from Windsor Utilities Commission	$ 54,877	$ 55,699

The amount due from the Commission, debentures is pursuant to the revolving credit agreement entered into by the Commission and WCUL.

The amount due from the Commission, post-retirement, is a long term receivable resulting from the Employee Arrangement Agreement with EWU and is amortized over the estimated average remaining service life at the time of the agreement which was 9.5 years payable each November.

The amounts due to related parties consist of:

	2017	2016
Due to parent:		
Due to the Corporation of the City of Windsor	$ 5,219	$ 5,785
	$ 5,219	$ 5,785

The amounts due to the City are non-interest bearing.

(in thousands of Canadian dollars)

21. Financial instruments and risk management:

The carrying values of cash and cash equivalents, accounts receivable, amounts due from (to) related parties, investment, accounts payable and accruals approximate fair values because of the short maturity of these instruments.

The following table illustrates the classification of the corporation's financial instruments using the fair value hierarchy as at December 31:

	December 31, 2017			December 31, 2016		
Assets	Level 1	Level 2	Total	Level 1	Level 2	Total
Investment - fixed income	$ -	$ 10,035	$ 10,035	$ -	$ 4,112	$ 4,112
Investment – equity	1,507	-	1,507	1,021	-	1,021
	$ 1,507	$ 10,035	$ 11,542	$ 1,021	$ 4,112	$ 5,133

The fair value of the investments is $11,542 (2016 - $5,133). The fair value is calculated based on the quoted market price in the active markets.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

The aging of accounts receivables at the reporting date was:

	2017	2016
Not past due	$ 42,432	$ 49,902
Past due 0 – 30 days	2,182	3,282
Past due 31 – 60 days	593	1,082
Greater than 60 days	1,565	2,077
	$ 46,772	$ 56,343

The Corporation's allowance for doubtful accounts was $1,038 at December 31, 2017 (2016 - $1,251).

(in thousands of Canadian dollars)

21. Financial instruments and risk management (continued):

A continuity of the allowance for doubtful accounts is as follows:

	2017	2016
Balance, beginning of year	$ 1,251	$ 1,046
Accounts receivable balances written off	(590)	(558)
Change in provisions for doubtful accounts	377	763
Balance, end of year	$ 1,038	$ 1,251

(i) Credit risk:

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No single customer accounts for greater than 9% of revenues.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the consolidated statement of income and other comprehensive income. Subsequent recoveries of receivables previously provisioned are credited to the consolidated statement of income and other comprehensive income. The balance of the allowance for impairment at December 31, 2017, is $1,038 (2016 - $1,251). The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2017, approximately $1,565 (2016 - $2,077) is considered 60 days past due. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As of December 31, 2017, the Corporation holds security deposits in the amount of $6,770 (2016 - $6,467).

(ii) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

(in thousands of Canadian dollars)

21. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities:

2017	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	$ 30,301	$ 143	$ -	$ -	$ -	$ 30,444
Due to related parties	5,219	-	-	-	-	5,219
Customer deposits	601	601	1,211	6,232	-	8,645
Long-term borrowings	-	-	-	103,000	(543)	102,457
	$ 36,121	$ 744	$ 1,211	$109,232	$ (543)	$144,765

2016	6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
Accounts payable and accruals	$ 32,367	$ 140	$ -	$ -	$ -	$ 32,507
Due to related parties	5,785	-	-	-	-	5,785
Customer deposits	561	561	1,122	5,229	-	7,473
Long-term borrowings	-	-	-	103,000	(555)	102,445
	$ 38,713	$ 701	$ 1,122	$108,229	$ (555)	$ 148,210

(iii) Market risk:

Market risks primarily refer to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates because the OEB-prescribed regulated rate of return for the Corporation’s distribution business, which allows for the recovery of the prudent cost of capital, is derived in part based on the forecast for long-term Government of Canada bonds yields. For sensitivity purposes, a 1% change in equities would result in a change of $15 (2016 - $10) on the balance sheet and consolidated statement of income.

21. Financial instruments and risk management (continued):

(iv) Capital disclosures:

The main objectives of the Corporation when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2017, shareholder's equity amounts to $161,870 (2016 - $163,172) and long-term debt amounts to $102,457 (2016 - $102,445).

Through rate-setting, the OEB determines the prudent costs of capital that are recoverable by EWU in relation to the distribution business. These costs of capital are the interest on debt and return on equity The OEB permits recovery on the basis of a deemed capital structure of 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term debt. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term debt.

(v) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to variable interest rate cash flow risk with respect to its investments. The Corporation has addressed this risk by entering into fixed interest rates on invested funds and debts.

(vi) Currency risk:

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to currency risk through its foreign currency denominated bank and investment accounts. A weakening or strengthening of the Canadian dollar can affect the cash flows. This risk is monitored by investment managers and the exposure is limited to these accounts. For sensitivity purposes, a 1% change in the Canadian dollar would result in a change of $9 (2016 - $5) on the balance sheet and consolidated statement of income.

(in thousands of Canadian dollars)

22. Commitments and contingencies:

Commitments

Leases

The Corporation has entered into non-cancellable operating leases for vehicle equipment. Minimum lease payments required are as follows:

2018	$	784
2019-2022		2,128
Greater than 5 years		444
Total	$	3,356

Contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance

The Corporation is a member of the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2017, the Corporation has not been made aware of any additional assessments that have not been accrued.

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2019. Notice to withdraw from MEARIE must be given six months prior to the commencement of the next three-year underwriting term. The Corporation did not provide any notice to withdraw.

(in thousands of Canadian dollars)

23. Regulatory assets and liabilities:

Under IFRS, there is no recognition of regulatory assets or liabilities, and therefore, the impacts of these transactions are reflected on the consolidated statement of income, as applicable. As a result of not recognizing rate-regulated assets and liabilities, the effect was to increase (decrease) comprehensive income as follows:

		2017		2016
Gross income:				
Retail settlement variance	$	1,144	$	4,018
Expenses:				
Retail cost variance		(142)		(126)
Property, plant and equipment (Smart Meters)		96		106
Future PILS		339		256
Regulatory adjustment for IFRS conversion		2,280		1,913
Disposition and recovery of regulatory balances		(3,445)		1,145
Interest expense (net of interest revenue)		61		-
Change in comprehensive income (loss)	$	333	$	7,312

24. Restatement and comparative figures:

During the year, the Corporation became aware of certain components within property, plant and equipment that were being calculated incorrectly since the adoption of IFRS in 2011. Overhead burden rates were too high resulting in assets being overstated and expenses being understated. Also, some depreciation calculations used inappropriate useful lives as a result of componentization errors which resulted in lower depreciation expenses. As a consequence of the immaterial adjustments, payment in lieu of taxes, property, plant and equipment, deferred taxes, operating expenses and retained earnings were required to be recast.

The following table summarizes the adjustments made to the balance sheet:

		Property plant and equipment		Deferred income taxes		Payments in lieu of income taxes payable		Retained earnings
Balance at December 31, 2016, as previously reported	$	223,523	$	7,505	$	(1,579)	$	(90,580)
Change to opening retained earnings		-		-		-		5,142
Change in depreciation and capitalization		(7,303)		670		670		820
Revised balance at December 31, 2016	$	216,220	$	8,175	$	(909)	$	(84,618)

(in thousands of Canadian dollars)

24. Restatement and comparative figures (continued):

The following table summarizes the adjustments made to the statement of income:

	Distribution expenses	Admin. expenses	Provision for payments in lieu of corporate taxes	Deferred income taxes	Income for the year
Balance at December 31, 2016, as previously reported	$ 12,034	$ 49,509	$ 4,591	$ 606	$ 16,466
Change in depreciation and capitalization	370	746	(198)	(98)	(820)
Revised balance at December 31, 2016	$ 12,404	$ 50,255	$ 4,393	$ 508	$ 15,646

In addition to the adjustments noted above, certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, and the related notes to the financial statements. The only impact to the prior year restated amounts are summarized in the tables above.

Executive Compensation

The ENWIN Group is committed to providing a competitive total compensation strategy that will allow the organization to attract and retain talented management and staff who will align themselves with the corporate vision and values and contribute to the success of the company.

The utility seeks competitiveness in the employment market through compensation and benefits practices that are equitable, consistent, practical and in accordance with the legal requirements of the Employment Standards Act, Pay Equity Act, Canada Revenue Agency (CRA) and other applicable legislation.

The ENWIN Group is also committed to developing and maintaining salary and benefit practices and procedures that provide an effective means of controlling expenditures, and are responsive to the changing conditions within the community. The executive compensation and benefits programs are influenced by the economic health of the company and our community.

The Governance and Human Resources Committee, comprised of members of the Board of EWU, in concert with the Executive Committee, is responsible for developing and recommending the approval of the compensation framework for management.

In developing the compensation framework, the committees are guided by the need to provide a total compensation package that will attract and retain qualified and experienced executives, and by the best practice of linking compensation to performance.

Additionally, The ENWIN Group makes efforts to offer a total compensation package that is competitive with other organizations of a similar size, scope and geographic and economic comparability. A market comparison, aided by an independent consultant, was performed in 2016 and comparators from both the public sector and private sector, as well as direct industry comparators, were sought. Findings were that compensation was comparable.

Executive compensation is ultimately approved by the Board of Directors. In making its recommendations to the Board, the committee examines the responsibilities and performance of individual executives and considers the recommendations of the President and Chief Executive Officer.

Total cash compensation for Executives consists of two components: base salary and an at risk performance incentive. Total cash compensation is benchmarked to companies of comparable size and scope in both the Ontario and national markets.

The at risk performance incentive component is paid on an annual basis and is expressed as a percentage of base salary. It is designed to retain and motivate executives, to reward them for their performance during the preceding year, and to ensure alignment with corporate objectives. Payments are based on the achievement of both corporate and individual objectives, both financial and non-financial, which are established each year and approved by the Board of Directors. Non-financial targets are designed to achieve continuous improvement in relation to a number of strategic objectives including, but not limited to, customer service, innovation and overall management excellence.

Management and executives participate in a benefits program, which includes extended health care, dental care, basic and optional life insurance, and short-term and long-term disability insurance.

All employees also participate in the OMERS pension plan. This plan is a multi-employer, contributory, defined benefit pension plan established by the Province for employees of municipalities, local boards and school boards in Ontario. Pension benefits are determined by a formula based on the highest consecutive five-year average of contributory earnings and years of service. Pension benefits are indexed to increases in the Consumer Price Index subject to an annual maximum of six percent.

Both participating employers and participating employees are required to make equal contributions to the plan based on the participating employees' contributory earnings. Earnings for pension purposes are capped based on recent plan changes.

Although not a requirement for companies like WCU and its subsidiaries, incorporated under Ontario's Business Corporations Act, WCU and its wholly owned subsidiary, EWU discloses the annual compensation of those serving in senior executive and board positions. It does so in keeping with the disclosure rules for corporations listed on the stock exchanges, and for companies that obtain funds through certain debt markets. The ENWIN Group is guided by the scope of disclosure demonstrated by certain companies in the energy sector, which, like ENWIN, are licensed and regulated by the OEB.

Directors receive an annual stipend and meeting fees for service.

In the interest of transparency, the EWU Board members and senior executives have voluntarily consented to the disclosure of their remuneration in a public manner. This takes place in the spring of each year for the preceeding year.

ENWIN Overhead Circuit
KILOMETRES OF LINE
670

ENWIN Underground Circuit
KILOMETRES OF LINE
452

Corporate Governance

WCU is committed to establishing and maintaining leading governance practices for a company of its size and mandate. Because governance standards and best practices are always evolving, the company seeks to continuously improve its governance practices.

WCU is a private, for-profit company, incorporated under the Business Corporations Act (Ontario).

At the same time, the company is wholly owned by the City of Windsor and through its wholly-owned subsidiaries, fulfills a public mandate. It is, therefore, mindful of its responsibility to be accountable both to its shareholder and the public.

The company's governance practices are guided, not simply by legal obligations, but by best business practices and standards established by independent agencies.

While WCU is not a reporting issuer under the Securities Act, and is therefore not subject to governance standards that apply to publicly-traded companies, the company is guided by these standards and strives to meet or exceed them.

Governance Structure

Accountability for the effective oversight of WCU and its wholly-owned subsidiaries EWU and EWE rests with a six-member Board of Directors, which provides direction on behalf of the shareholder, the City of Windsor.

The Board provides leadership within a framework of effective controls that enables risks to be assessed and managed and is responsible for supervising the management of the business and affairs of WCU and its wholly-owned subsidiaries.

In carrying out its oversight function, the Board of Directors is guided by a Shareholder Declaration issued by Windsor City Council and revised from time to time. The Board adheres to the City's Code of Conduct for Members of Council and Local Boards.

A separate Board of Directors was established to oversee the operations of EWU, in accordance with the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the Ontario Energy Board. The powers and functions of that Board are set out in a shareholder declaration issued by the WCU Board of Directors.

On a day-to-day basis, the corporation is led by an executive management team, comprised of the President and Chief Executive Officer, the Chief Financial Officer and the senior executives of the critical functional areas.

This team oversees the alignment of business practices and strategies with the goals of the Company, and drives performance by managing risks and opportunities. The executive management team is accountable to the corporation's Boards of Directors through the President and Chief Executive Officer.

Appointments to The Board of Directors

The governance structure for WCU and its wholly-owned subsidiaries includes three boards of directors – the Windsor Canada Utilities Ltd. Board, the ENWIN Utilities Ltd. Board, and the ENWIN Energy Ltd. Board.

The City of Windsor appoints all Directors to the Windsor Canada Utilities Ltd. Board. In doing so, the City considers candidates that may be recommended by the WCU Board, but is not obliged to select these candidates.

As set out in the shareholder declaration, all candidates for appointment to the board must meet certain requirements, including demonstrated integrity and high ethical standards, relevant career experience and expertise, and an understanding of the role of WCU and its' subsidiaries, both as a service to local ratepayers and as an asset of taxpayers.

In addition, the selection process is designed to maintain a board that includes the following overarching competencies among one or more directors:

- A strong business background, including competitive business experience and strategic planning;
- A strong financial background, including financial accreditation and public or private market financing experience;
- Industry sector experience in the areas of business of the subsidiary companies; and
- Board experience.

All new Directors undergo an orientation and education program upon their appointment to the Board.

Committees

The following committees were created to help the Boards of Directors carry out their duties. The committees meet regularly and provide feedback on their discussions to their respective Boards.

Audit and Finance Committee (Windsor Canada Utilities Ltd. and ENWIN Utilities Ltd.)

The Audit & Finance Committees review financial statements, accounting practices and policies, auditing processes and the results of internal and external audits and related matters. These committees also oversee financial risk management and assess internal controls.

Governance and Human Resources Committee (ENWIN Utilities Ltd.)

The Governance and Human Resources Committee reviews the Corporation's governance structures and practices to ensure that the Board of Directors can fulfill its mandate. It reviews management resources and compensation practices to ensure systems are in place to attract, retain and motivate qualified management employees. It also oversees the board assessment process.

Executive Committee (ENWIN Utilities Ltd.)

The Executive Committee reviews and assesses the performance of the President and Chief Executive Officer and provides input regarding strategic direction and operational matters.

Corporate Governance

Senior Management

Helga Reidel
President and CEO

Jim Brown
Vice President
Hydro Operations

Garry Rossi
Vice President
Water Operations

Byron Thompson
Vice President
Finance and CFO

John Wladarski
Vice President
Shared Services and COO

Members of the Board of Directors

WINDSOR CANADA UTILITIES LTD.

Drew Dilkens (Chair)
Mayor, City of Windsor

Marty Komsa (Vice Chair)
Executive Advisor, Strategic Planning, WFCU Credit Union

John Elliot
Councillor, City of Windsor, Ward 2

Garnet Fenn
Accountant and Financial Consultant

Fred Francis
Councillor, City of Windsor, Ward 1

Jo-Anne Gignac
Councillor, City of Windsor, Ward 6

ENWIN UTILITIES LTD.

Vic Neufeld (Chair)
CEO, Aphria Inc.

Drew Dilkens (Vice Chair)
Mayor, City of Windsor

Garnet Fenn
Accountant and Financial Consultant

Jo-Anne Gignac
Councillor, City of Windsor, Ward 6

Marty Komsa
Executive Advisor, Strategic Planning, WFCU Credit Union

Abe Taqtaq
President, CD Ventures & Consulting Inc.

ENWIN ENERGY LTD.

Drew Dilkens (Chair)
Mayor, City of Windsor

Eddie Francis (Vice Chair)
President and CEO, WFCU Credit Union

Keith Andrews
Senior Vice-President & Managing Director, Gateway Casinos & Entertainment, Ontario

Nancy Creighton
Senior Business Advisor, Government of Ontario

Peter Frise
Professor of Mechanical & Automotive Engineering, University of Windsor

Jo-Anne Gignac
Councillor, City of Windsor, Ward 6

Kulveer Virk
IT Program Manager

Windsor Canada Utilities Ltd.
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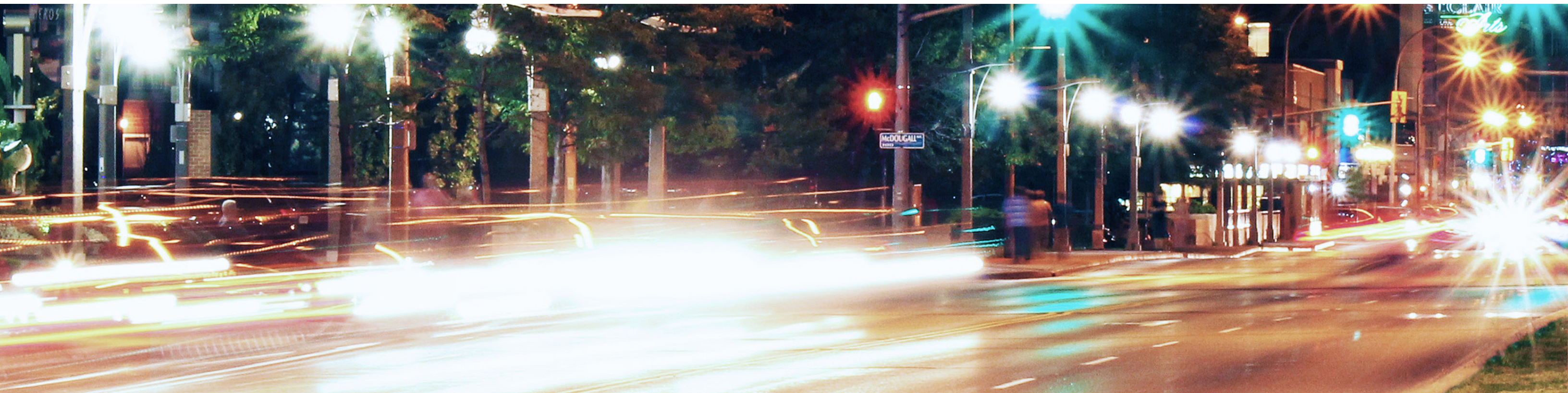
Station A
Windsor, Ontario
N9A 5T7

ENWIN Utilities Ltd.
4545 Rhodes Drive
P.O. Box 1625
Station A
Windsor, Ontario
N8W 5T1

Windsor Utilities Commission
3665 Wyandotte Street East
Windsor, Ontario
N8Y 1G4

2017



ATTACHMENT 1 – M

Credit Rating Report

S&P Global
Ratings

RatingsDirect®

Summary:
Windsor Canada Utilities Ltd.

Primary Credit Analyst:
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Secondary Contact:
Andrew Ng, Toronto + 1 (416) 507 2545; andrew.ng@spglobal.com

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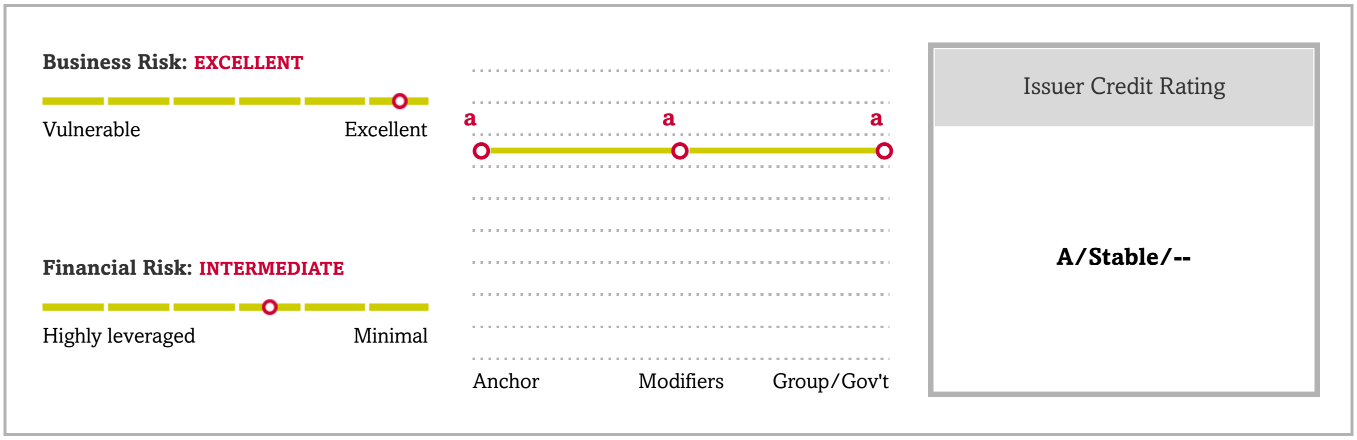
Summary:

Windsor Canada Utilities Ltd.



Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Low-risk, fully rate-regulated electric distribution-only and water utility; • Stable and credit supportive regulatory environment in Ontario; • A small yet mostly residential customer base; • Limited regulatory and geographic diversity because all operations are confined to the City of Windsor.	• We assess the company's financial measures using the most relaxed financial benchmarks compared to the typical corporate issuer, reflecting its low-risk, regulated business and strong regulatory environment. • Financial measures are consistent with the mid-range for its financial risk profile category; • Stable regulated cash flows owing to timely recovery of expenses with limited regulatory lag.

Outlook: Stable

The stable rating outlook on Windsor Canada Utilities Ltd. reflects S&P Global Ratings' view that the company's cash flows from its low-risk, regulated distribution business are stable and predictable. The outlook also reflects our expectation that the company will continue to focus on its core regulated business during our two-year outlook horizon. In our base case scenario, we expect adjusted funds from operations (FFO) to debt in the 16.5%-18% range.

Downside scenario

Although we do not expect it, a material adverse regulatory ruling or a significant increase in leverage leading to sustained deterioration in forecast adjusted FFO to debt of close to 13% could lead to a downgrade.

Upside scenario

We believe an upgrade is unlikely during our two-year outlook horizon. However, we could raise the rating if we forecast that Windsor's adjusted FFO to debt will improve to greater than 23% on a consistent basis.

Our Base-Case Scenario

Assumptions

- Stable economic conditions in the Ontario, with an expected growth rate of 2% over the next two years;
- Continued cost recovery through regular Incentive Regulation Mechanism (IRM) filings;
- Capital spending averaging about $19 million per year;
- Dividend payments of about $5 million per year;
- Minimal external funding needs and strong cash flows; and
- All debt maturities are refinanced.

Key Metrics

	2017A	2018E	2019E
FFO to debt (%)	17.7	17-19	17-19
Debt to EBITDA (x)	4.2	3.5-4.5	3.5-4.5
OCF to debt (%)	23.4	16-20	15-19

*A--Actual. E--Expected. FFO--Funds from Operations. OCF--Operating Cash Flow.

Company Description

WCU is a holding company that is owned 100% by the City of Windsor. WCU provides regulated operations through its subsidiary, ENWIN Utilities Ltd. (EWU), the licensed electricity-distribution company serving customers in

Windsor. EWU is also the licensed operator for the water distribution system owned by the Windsor Utilities Commission (WUC), and provides operating services for the water distribution system and District Energy to the WUC under a water system operating agreement.

Subsidiary EWE operates nonutility businesses including sentinel lighting to Windsor businesses and street lighting maintenance services to the city.

Business Risk: Excellent

Our assessment of WCU's business risk profile reflects our assessment of its low-risk, rate-regulated electric and water utility operations and effective management of regulatory risk in a consistent and predictable regulatory regime. The business risk assessment also reflects the risk of modest nonutility operations that includes providing street lighting and maintenance services to the city of Windsor.

WCU's small customer base of about 88,000 are mostly residential and provide a steady cash flow. No single customer accounts for greater than 9% of billed revenues. Commodity costs flow through to customers and reduce operating risk. The company's small customer base and limited geographic and regulatory diversity marginally weaken the business risk profile assessment.

Financial Risk: Intermediate

Our assessment of WCU's financial risk profile incorporates a base-case scenario that includes adjusted FFO to debt averaging about 18%, around the midpoint of the benchmark range of the intermediate category. We expect the supplemental ratio of adjusted operating cash flow (OCF) to debt to be in the 19%-20% range, which supports our financial risk profile assessment. We expect capital spending to be sufficiently funded by stable and consistent regulated cash inflows over the next few years. We also expect debt leverage to be relatively intermediate for a regulated utility as indicated by debt to EBITDA averaging about 3.9x, which is at the bottom of the range.

We base our risk assessment on our low volatility table benchmarks, which are the most relaxed benchmarks when compared to those used for a typical corporate issuer. This reflects our view of the company's steady cash flow and rate-regulated utility operations with highly supportive cost recovery.

Liquidity: Adequate

We assess the company's liquidity as adequate because we believe its liquidity sources are likely to cover uses by more than 1.1x over the next 12 months and meet cash outflows even with a 10% decline in EBITDA. The assessment also reflects the company's generally prudent risk management, sound relationship with banks, and a generally satisfactory standing in credit markets.

Principal Liquidity Sources	Principal Liquidity Uses
• Estimated cash FFO of about C$25 million; • Credit facility availability of C$75 million; and • Cash balances of about C$20 million.	• Capital spending of about C$20 million; and • Dividend payments of about C$5 million.

Government Influence

We believe there is a low likelihood that WCU's owner, the City of Windsor, would provide timely and sufficient extraordinary support in the event of financial distress. We base this on our assessment that there is a limited link and limited importance role to its government owner.

The low likelihood of extraordinary government support means no rating enhancement to the 'a' stand-alone credit profile.

Ratings Score Snapshot

Issuer Credit Rating

A/Stable/--

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a

- **Likelihood of government support:** Low (no impact)

Issue Ratings

Capital structure

WCU's capital structure consists of about C$103 million of unsecured debt in one tranche.

Analytical conclusions

We rate WCU's senior unsecured debt the same as the issuer credit rating because the debt issue is not structurally subordinated in the absence of any other tranche.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

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ATTACHMENT 1 – N

Board Appendix 2-Y: Summary of Impacts to Revenue Requirement from Transition to MIFRS

File Number:	EB-2019-0032
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Appendix 2-Y
Summary of Impacts to Revenue Requirement from Transition to MIFRS

Revenue Requirement Component	2020 MIFRS	2020 CGAAP [1]	Difference	Reasons why the revenue requirement component is different under MIFRS
Closing NBV 2019	$ 222,874,475	$ 198,733,413	$ 24,141,062	Useful life of many MIFRS assets extended when revaluated in 2011,
Closing NBV 2020	$ 230,071,840	$ 203,582,874	$ 26,488,966	Useful life of many MIFRS assets extended when revaluated in 2011,
Average NBV	$ 226,473,157	$ 201,158,144	$ 25,315,014	
Working Capital	$ 21,499,345	$ 21,318,426	$ 180,919	CGAAP burden rates > MIFRS
Rate Base	$ 247,972,502	$ 222,476,569	$ 25,495,933	
Return on Rate Base	$ 14,921,993	$ 13,401,633	$ 1,520,360	Rate base is higher under MIFRS
			$ -	
OM&A	$ 29,347,816	$ 26,796,579	$ 2,551,237	CGAAP burden rates > MIFRS
Property Taxes	$ 331,505	$ 331,505	$ -	
Other Expenses	$ 69,800	$ 69,800	$ -	LEAP
Depreciation	$ 11,500,628	$ 15,727,069	-$ 4,226,441	Useful life of many MIFRS assets extended when revaluated in 2011.
PILs or Income Taxes	$ 2,074,427	$ 2,994,261	-$ 919,834	Higher income under CGAAP
			$ -	
Less: Revenue Offsets	-$ 4,007,915	-$ 4,007,915	$ -	
			$ -	
Insert description of additional item(s)			$ -	
Total Base Revenue Requirement	$ 54,238,254	$ 55,312,931	-$ 1,074,677	

1. Applicants must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g. rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicants must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application, then the comparison in the above table should be between MIFRS and CGAAP before the change in accounting policies. If the applicant changed capitalization and depreciation policies and reflected these changes in a previous rebasing application, the comparison in the above table should be between MIFRS and CGAAP after the change in accounting policies.