

July 28, 2025

By RESS and Email

Mr. Ritchie Murray
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray,

Re: Windsor Canada Utilities Ltd. ("WCUL") Phase 1 MAADs Application to Acquire E.L.K. Energy Inc. ("E.L.K. Energy") and Related Approvals ("Application") (EB-2025-0172) Responses to Interrogatories

Pursuant to Procedural Order No. 1, issued June 27, 2025, please find enclosed responses to interrogatories from the following parties:

- Ontario Energy Board Staff ("OEB Staff")
- School Energy Coalition ("SEC")
- Vulnerable Energy Consumers Coalition ("VECC")

Request for Confidential Treatment

Pursuant to the Ontario Energy Board's ("OEB") Practice Direction on Confidential Filings ("Practice Direction"), the Applicants request confidential treatment on all, or a portion of, the following interrogatory responses. These items have been redacted in the public version of the interrogatory responses.

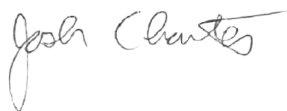
Interrogatory Response	Page Reference	Rationale Supporting Redaction
OEB Staff 2 – Attachment 1 - Exhibit A	pp. 2-3 (Pricing Table for Facility #1) p.18 (Daily Compound CORRA Adjustment) p.22 (Term CORRA Adjustment)	These discrete redactions contain unit pricing of a third party, which is considered presumptively confidential per Appendix B of the Practice Direction.
OEB Staff 6 c)	p.2	This question and response are related to portions of the application for which the Applicants have requested confidential treatment on the basis of commercial sensitivity. Disclosure of the approach to the calculation of the purchase price, and the components thereof, are commercially sensitive and could prejudice the future competitive positions and negotiations of the Parties, as the transaction has not yet closed. Disclosure also has the potential to inform unsuccessful bidders of the considerations factored into the purchase price determination and provide an

		<p>advantage to other Parties, including disclosing bidding strategies used in a competitive procurement.</p> <p>Please see the Applicants' June 30, 2025 confidentiality submission for further information.</p>
OEB Staff 8 a)	p.1	<p>A portion of this question and response are related to portions of application for which the Applicants have requested confidential treatment on the basis of commercial sensitivity.</p> <p>Please see the Applicants' June 30, 2025 confidentiality submission for further information.</p>

An unredacted, confidential version of the interrogatory responses has been filed with the OEB pursuant to the OEB's Rules of Practice and Procedure and Practice Direction. The Applicants are prepared to provide a copy of the unredacted, confidential version of the above interrogatory responses to OEB Staff and parties that have executed the OEB's form of Declaration and Undertaking in this proceeding.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,



Josh Charles
 Director, Regulatory Affairs
 ENWIN Utilities Ltd.
 (519) 251-7300 ext. 886
regulatory@enwin.com

Cc: EB-2025-0172 parties
 Colm Boyle and John Vellone, BLG
 Amber Goher, OEB Staff
 Lawren Murray, OEB Counsel

OEB Staff - 1

Reference:

Ref 1: MAADs Application, p.27

Preamble:

The Application states that incremental one-time transaction and transition costs are expected to be approximately \$1 million and will not be included in the revenue requirement of E.L.K. Energy, ENWIN Utilities, or the new ENWIN Utilities Ltd. and thus will not be funded by ratepayers.

Question:

- a) Please explain the nature of the projected \$1 million one-time transaction and transition costs (for example: what are they for?)
 - b) Please clarify who will pay the costs and where the money will come from.
 - c) Please clarify how much of the costs are related to Phase 1 of the proposed transaction and how much are related to Phase 2. If any of the costs relate to both Phase 1 and Phase 2, please provide an estimated apportionment.
 - d) Why are any transaction and/or transition costs necessary during Phase 1?
 - e) If any of the costs in Phase 1 are related to Phase 2, please comment on whether it is necessary to incur those costs during Phase 1, given that the Applicants have not yet submitted an application seeking approvals for Phase 2.
-

Response:

- a) The projected \$1 million one-time transaction costs relate to legal and consulting costs. Consulting included valuation and financial consulting. The costs were incurred to investigate, model, analyze and review all procurement activities associated with the acquisition of E.L.K. including the negotiation and review of the Purchase and Sale Agreement.
- b) The estimated \$1 million one-time transaction costs are holding company (WCUL) costs and those costs will not be recovered from ratepayers.

- c) These costs are associated with Phase 1 of the proposed transaction.
- d) Due diligence was required when reviewing, negotiating and executing the acquisition of E.L.K.
- e) These costs are not related to Phase 2.

OEB Staff - 2

Reference:

Ref 1: MAADs Application, p.28

Preamble:

The Application states that the proposed transaction will be 100% financed by new term debt from the Royal Bank of Canada.

Question:

- a) Please confirm that the term debt will be issued to Windsor Canada Utilities.
 - b) Please provide more detail on the arrangements of the loan, including but not limited to, the repayment term of the loan, interest rate (fixed/variable), collateralized assets, debt covenants imposed, etc.
 - c) Please provide any documented correspondence (memorandum of understanding, letter of intent, etc.) between the Applicants and the lending institution with respect to the new debt that outlines the terms and conditions of the loan.
 - d) Please explain whether the negotiated financial terms of the new loan are contingent on a future approval to amalgamate E.L.K. Energy and ENWIN Utilities. If so, please explain what the lending ramifications are if Phase 2 is not approved.
-

Response:

- a) Confirmed. Debt leveraged for the purchase will be held by WCUL.
- b) A comprehensive capital and debt review is taking place at WCUL, part of which will encompass a formal financing structure related to this transaction. However, in the short term, a portion of the existing \$75 million committed credit facility will be utilized for this transaction. In the short term, it is likely that a revolver will be used to finance this transaction. The terms for the revolver will be Royal Bank of Canada prime rate less 0.25% (currently estimated at 4.7%) and interest only will be required to be paid.

- c) Please see OEB Staff-2-Attachment 1 (Royal Bank of Canada Second Amending Agreement) related to the \$75 million committed credit facility.
- d) No, this financing arrangement is not contingent upon E.L.K. WCUL has sufficient borrowing capacity within its existing structure and as stated above, this credit facility is already in place and a portion of it will be used on a short term basis to finance this transaction.

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT made as of the 28th day of June, 2024 (this "**Amendment**").

AMONG:

WINDSOR CANADA UTILITIES LTD. and ENWIN UTILITIES LTD.
as Borrowers

- and —

ROYAL BANK OF CANADA
as Lender

WITNESSETH:

WHEREAS the Borrowers and Royal Bank of Canada (the "**Lender**") entered into an amended and restated credit agreement dated as of August 31, 2018, as amended by a first amending agreement dated August 16, 2021 (as amended or modified from time to time, the "**Credit Agreement**"). Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement

AND WHEREAS, the Borrowers have requested that the Lender amend the Credit Agreement in certain respects on the terms and conditions set forth below;

NOW THEREFORE THIS AMENDMENT WITNESSES that, in consideration of the mutual covenants and agreements contained herein, the parties covenant and agree as follows:

ARTICLE 1 **DEFINED TERMS**

1.1 **Capitalized Terms.** All capitalized terms which are used herein without being specifically defined herein shall have the meaning ascribed thereto in the Amended Credit Agreement (as defined below).

ARTICLE 2 **AMENDMENTS**

2.1 **General Rule.** Subject to the terms and conditions herein contained, the Credit Agreement is hereby amended to the extent necessary to give effect to the provisions of this Amendment and to incorporate the provisions of this Amendment into the Credit Agreement.

2.2 **Amendment of the Credit Agreement.** Subject to the satisfaction (or waiver) of the conditions set forth in ARTICLE 4 hereof, the Credit Agreement, effective as of the date hereof, is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the bold underlined text (indicated textually in the

same manner in the following example: underlined text) as set forth on the pages of the Credit Agreement and all schedules thereto and attached hereto as Exhibit A (the "**Amended Credit Agreement**").

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties.** To induce the Lender to enter into this Amendment, the Borrowers hereby represent and warrant to the Lender that:

- (a) the representations and warranties set forth in the Credit Agreement (including the Schedules attached thereto), the Security, the other Loan Documents and all other documents delivered therewith, in each case as amended hereby, are true and correct on and as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations and warranties are true and correct as of such earlier date);
- (b) the execution and delivery of this Amendment and the performance of the obligations of the Borrowers under this Amendment and each other Loan Document executed or to be executed by it in connection with this Amendment are within each such Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting such Borrower, and to the extent that any of person on behalf of such Borrower, has signed this Amendment electronically, such person has applied his or her electronic signature to this Amendment;
- (c) after giving effect to this Amendment, no default or Event of Default has occurred and is continuing;
- (d) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other person is required for the due execution, delivery or performance by the Borrowers of this Amendment or any other Loan Document executed or to be executed by it in connection with this Amendment;
- (e) this Amendment constitutes, and each Loan Document executed or to be executed by the Borrowers in connection with this Amendment will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; and
- (f) the signatures of the Borrowers to this Amendment are genuine, including all electronic signatures and all documents submitted to the Lender as copies conform to authentic and complete original documents.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 This Amendment shall not become effective until the following conditions have been satisfied or waived, in each case, to the sole discretion of the Lender:

- (a) the Lender shall have received, in form and substance satisfactory to the Lender:
 - (i) fully executed copies of
 - (A) this Amendment; and
 - (B) a certificate of status, compliance or the equivalent, as the case may be, current to the date of this Amendment, in respect of each Borrower.
- (b) arrangements satisfactory to the Lender have been made for the payment of all fees and reasonable expenses of the Lender (including those of the Lender's legal counsel) related to this Amendment and the other Loan Documents.

ARTICLE 5
MISCELLANEOUS

5.1 **Acknowledgement and Confirmation.** The Borrowers hereby:

- (a) acknowledge and consents to the amendment of the Credit Agreement pursuant to the terms of this Amendment;
- (b) ratifies, confirms and agrees that all of its obligations under or pursuant to the Loan Documents shall be unaffected by the amendment of the Credit Agreement pursuant to the terms of the Amendment and that such obligations continue to be binding upon it;
- (c) ratifies, confirms and agrees that each Loan Document shall be unaffected by the amendment of the Credit Agreement pursuant to the terms of this Amendment, shall continue to be in full force and effect notwithstanding the amendment of the Credit Agreement pursuant to the terms of this Amendment, shall continue to be binding upon it and its collateral (as described in the such Loan Documents) and shall continue to guarantee the obligations expressed to be guaranteed thereby and secure the obligations expressed to be secured thereby;
- (d) confirms and agrees that the execution and delivery and effectiveness of this Amendment shall not in any manner whatsoever reduce, release, discharge, impair or otherwise prejudice or change the rights of the Lender arising under, by reason of or otherwise in respect of this Amendment or any of the Loan Documents or any liens, hypothecs, encumbrance or other obligations created thereunder; and

- (e) confirms and agrees that each reference to the "Credit Agreement" in the Loan Documents shall be construed as a reference to the Amended Credit Agreement.

5.2 Future References to the Credit Agreement. On and after the date of this agreement, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", or words of like import referring to the Credit Agreement, and each reference in any Loan Document or other related document to the "Credit Agreement", "thereunder", "thereof", or words of the like import relating to the Credit Agreement, shall mean and be a reference to the Amended Credit Agreement. The Amended Credit Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

5.3 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.4 Enurement. This Amendment shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

5.5 Counterparts. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same agreement; any party may execute this Amendment by signing any counterpart of it.

5.6 Electronic Mail and Fax Transmission. Each of the undersigned hereby ratify, confirm and agree as follows:

- (a) The Lender is entitled to rely on any agreement, document or instrument provided to the Lender by the Borrower by way of electronic mail, fax transmission or other electronic means as though it were an original document.
- (b) The Lender is further entitled to assume that any communication from the Borrower the Borrower and the delivery by fax or any other electronic transmission of an executed counterpart of a signature page to this Amendment or any other Loan Document shall be effective as delivery of an original executed counterpart of this Amendment or any such other Loan Document.
- (c) The words "execution," "execute", "signed," "signature," and words of like import in or related to any document signed or to be signed in connection with this Amendment or any Loan Document shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, as provided in Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario), or any other similar laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada.

5.7 **Electronic Imaging.** Each of the undersigned hereby ratifies, confirms and agrees that, at any time, the Lender may convert paper records of this Amendment or any other Loan Document and all other documentation delivered to the Lender in connection therewith (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Lender's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amendment on the date first written above.

BORROWERS:

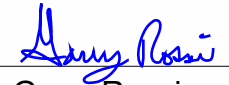
WINDSOR CANADA UTILITIES LTD.


Technical Review

Per: 

Name: Matthew Carlini
Title: Chief Financial Officer

Approved for
Financial Content

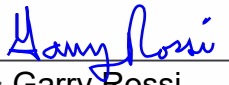

Per:  7/10/24

Name: Garry Rossi
Title: CEO & President

ENWIN UTILITIES LTD.

Per: 

Name: Matthew Carlini
Title: Chief Financial Officer

Per:  7/10/24

Name: Garry Rossi
Title: CEO & President

LENDER:

ROYAL BANK OF CANADA

Per: 

Name: Alisa Buttar
Title: Vice President, Corporate Client Group Finance

Per: _____

Name:
Title:

Exhibit A

(See Attached)



**Royal Bank of Canada
National Client Group
4th Floor, North Tower
Royal Bank Plaza
200 Bay Street
Toronto, ON, M5J 2W7
Tel.: 416-974-9383**

Conformed Agreement

August 31, 2018

Private and Confidential

**WINDSOR CANADA UTILITIES LTD. and
ENWIN UTILITIES LTD.**

P.O. Box 1625 Station "A"

~~787 Ouellette Avenue~~ 4545 Rhodes Dr.

Windsor, Ontario

N9A 5T7

Attention: ~~Byron Thompson~~ Matt Carlini, Chief Financial Officer

ROYAL BANK OF CANADA (the "**Bank**") hereby offers the credit facilities described below (the "**Credit Facilities**") subject to the terms and conditions set forth below and in the attached Terms and Conditions and Schedules (collectively, the "**Agreement**"). Unless otherwise provided, all dollar amounts are in Canadian currency. This Agreement constitutes an amendment, restatement and consolidation of the terms and conditions of (i) a credit agreement dated February 27, 2013 pursuant to which the Bank made available certain credit facilities in favour of Windsor Canada Utilities Ltd. (as the same has been amended, supplemented, restated, amended and restated, extended, renewed, or superseded from time to time, collectively, the "**Existing WCU Agreement**"), and (ii) a credit agreement dated February 11, 2009 pursuant to which the Bank made available certain credit facilities in favour of Enwin Utilities Ltd. (as the same has been amended, supplemented, restated, amended and restated, extended, renewed, or superseded from time to time, collectively, the "**Existing Enwin Agreement**") all in accordance with the terms of Schedule "~~FG~~" hereto.

BORROWERS:

Windsor Canada Utilities Ltd. ("WCU") in respect of Facility #1 including the WCU LC Subfacility (as defined below)

Enwin Utilities Ltd. ("Enwin") in respect of the WCU LC Subfacility, Facility #2 and Facility #3

For clarity, WCU and Enwin shall be ~~Co-Borrowers~~ co-Borrowers in respect of the WCU LC Subfacility.

For convenience and ease of reference in this Agreement, each of WCU and Enwin shall be considered to be the "**Borrower**" herein in respect of the Credit Facility for which it has been so designated above, and the covenants, representations and warranties of, and the provisions applicable to, the "**Borrower**" herein shall apply to each of them as the context requires in respect of each such Credit Facility.

CREDIT FACILITIES:

Facility #1: \$75,000,000.00 revolving term facility by way of:

a) RBP based loans (“**RBP Loans**”)

Revolve in increments of:	\$10,000.00	Minimum retained balance:	\$0.00
Revolved by:	WCU	Interest rate (per annum):	See Pricing Table Set Out Below
		Standby Fee Rate:	See Pricing Table Set Out Below

b) ~~Bankers’ Acceptances (“BAs”)~~ CORRA Loans

<u>CORRA Loan</u>	<u>Rate</u>
Acceptance fee (per annum): <u>Daily Compounded CORRA Loans</u>	See <u>Adjusted Daily Compounded CORRA, plus applicable margin on the Pricing Table Set Out Below</u>
<u>Term CORRA Loans</u>	<u>Adjusted Term CORRA, plus applicable margin on the Pricing Table Set Out Below</u>
<u>Special Terms:</u>	<u>Any CORRA Loans made by the Bank hereby is subject to compliance with the additional terms in Schedule “D” hereto</u>

c) Letters of Credit and Letters of Guarantee in Canadian currency (“LCs” and “LGs” respectively), subject to an overall sub-credit limit of \$8,000,000 (the “**WCU LC Subfacility**” and the “**WCU LC Subfacility Limit**” respectively)

Letter of Credit Fee and Standby Fee Rate (per annum):	See Pricing Table Below
Special Terms:	Each LC or LG to be issued by the Bank upon the application of any Borrower is subject to compliance with the additional terms in Schedule “ D <u>E</u> ” hereto

Pricing Table for Facility #1:

Level	Debt Rating (S&P)*	Prime Rate <u>For RBP Loans ± Margin below</u>	<u>For Daily Compounded CORRA Loans / Term CORRA Loans</u> BA-Stamping Fee <u>Rate ± Margin</u>	Standby Fee Rate	Letter of Credit Fee **
I	A+ (high)	-25.0 bps			
II	A	-25.0 bps			

III	A-	0.0 bps					
IV	BBB+	20.0 bps					
V	BBB	30.0 bps					

* S&P Rating is for WCU

** LC/LG pricing marked “~~---~~” is to be determined in consultation with the Borrowers and RBC Trade Finance Group

AVAILABILITY

WCU and Enwin may borrow, convert, repay (in the case of a CORRA Borrowing, not before its expiry) and re-borrow up to the amount of this facility; and rollover outstanding CORRA Loans on the expiry of the applicable Interest Period, provided an Event of Default shall not have occurred and be continuing at the time of any Borrowing; provided however, that:

- (1) the combined maximum principal amount that may be drawn under Facility #1 and Facility #2 of this Agreement at any time is \$75,000,000.00 in the aggregate;
- (2) the combined maximum principal amount of all LCs and LGs that may be issued under Facility #1 of this Agreement at any time shall not exceed \$8,000,000.00 in the aggregate; and
- (3) Enwin may only access availability under Facility #1 in the form of LCs and LGs under the WCU LC Subfacility and may not independently access any other credit accommodation under Facility #1.

All requests for a Borrowing, rollover or conversion under this facility shall be made by the Borrower delivering to the Bank a notice in the form appearing hereto at Schedule “H” entitled “Notice of Borrowing, Rollover and/or Conversion.”

Borrowings in the form of LCs and LGs under the WCU LC Subfacility may be obtained on ~~the~~ application of either WCU or Enwin subject however to the WCU LC Subfacility Limit as set out above. Further, each of WCU and Enwin hereby agrees that it shall be and remain jointly and severally liable on any LCs or LGs obtained by either WCU or Enwin as the applicant and the Bank as issuer regardless of when or by which Borrower such LCs or LGs were obtained or applied for.

REPAYMENT

Borrowings in the form of RBP Loans, CORRA Loans, LCs and ~~BAs~~LGs under this facility shall be repayable in full on August 31, ~~2024~~2027.

~~Borrowings in the form of LCs and LGs under this facility shall be repayable in full not later than one (1) year from the date of drawdown unless renewed by mutual agreement of the applicable borrower and the Bank.~~

PURPOSE

General corporate purposes including working capital, Capital Expenditures and acquisitions permitted by the Bank, and general Letter of Credit requirements.

GENERAL ACCOUNT

Each of WCU and Enwin shall establish a current account with the Bank (its “**General Account**”) for the conduct of its day-to-day banking business. Each of WCU and Enwin authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of its General Account and:

- a. if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility; or

- b. if such position is a credit balance, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, under this facility.

Facility #2 \$1,000,000.00 uncommitted non-revolving lease line of credit by way of Leases.

Leases will be governed by this Agreement and separate agreements between Enwin and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern. Further, each of WCU and Enwin hereby agrees that it shall remain jointly and severally liable on any Leases entered into by either WCU or Enwin as Lessee and the Bank as Lessor as of the date hereof (the “**Existing Leases**”) as if such leases were drawn under this Facility #2 regardless of when or by which Borrower such Leases were executed.

AVAILABILITY

Notwithstanding the above, it is agreed that this facility is uncommitted and non-revolving and shall be considered as having been fully drawn by the Existing Leases, and no further Leases shall be entered into or any further amount drawdown under this facility other than extensions or renewals of the Existing Leases. This facility is uncommitted and made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into, renew or extend any Lease will be entirely at its sole discretion and the term of any Lease shall not exceed five (5) years. Notwithstanding anything herein to the contrary, the combined maximum principal amount that may be drawn under Facility #1 and Facility #2 at any time is \$75,000,000.00 in the aggregate. Further, the Existing Leases shall constitute Leases under this facility and shall be counted against the availability hereunder.

REPAYMENT

Borrowings under this facility shall be repayable by way of blended monthly payments of principal and interest based on a seven (7) year amortization as established under the Existing WCU Agreement.

PURPOSE

Capital Expenditures.

Facility #3 \$5,000,000 revolving committed letter of credit facility by way of:

- a) LCs and LGs in Canadian currency

Letter of Credit Fee and Standby Fee Rate (per annum):	See Pricing Table for Facility #1 above
Special Terms:	Each LC or LG to be issued by the Bank upon the application of any Borrower is subject to compliance with the additional terms in Schedule “ D E ” hereto

AVAILABILITY

Enwin may borrow, repay and re-borrow up to the amount of this committed facility up to its maturity date of August 31, ~~2021~~2027 provided an Event of Default shall not have occurred and be continuing at the time of any Borrowing; provided however, that:

- (1) the combined maximum principal amount that may be drawn under Facility #3 at any time is \$5,000,000.00 in the aggregate.

REPAYMENT

Borrowings under this facility shall be repayable in full not later than one (1) year from the date of drawdown unless renewed by mutual agreement of Enwin and the Bank.

Provided, however, that Borrowings in the form of LCs and LGs under this facility shall be repayable in full no later than August 31, ~~2021~~2027.

PURPOSE

General Letter of Credit requirements for Enwin.

SECURITY AND NEGATIVE PLEDGE COVENANT

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the “**Security**”): The Borrowings and all other obligations of the Borrower to the Bank shall be direct senior unsecured obligations of the Borrower except for any security granted in respect of the Leases as described herein.

The Borrower covenants and agrees with the Bank to ensure that its assets are not at any time subject to any Liens, except for Permitted Encumbrances.

The Borrower also covenants and agrees to ensure that the Borrowings and all other obligations of the Borrower to the Bank rank *pari passu* and are equally and rateably secured with all other indebtedness and obligations of the Borrower from time to time, including but not limited to in the case of WCU the unsecured obligations pursuant to the Trust Indenture dated November 6, 2012 entered into between WCU, as Issuer, Windsor Utilities Commission, as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the issuance of unsecured debentures by WCU in an unlimited principal amount (the “**Computershare Trust Deed**”).

For clarity, the Security for the Borrowings under Facility #2 and all other obligations of Enwin to the Bank under Facility #2 shall be governed by separate agreements between Enwin and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern. Provided however that the payment obligations of WCU under the Leases as provided for herein, whether as Lessee or jointly and severally with Enwin as guarantor, shall not be affected by any such separate agreement and shall remain unconditional and absolute obligations of WCU notwithstanding any such separate agreement.

FINANCIAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility and while any availability exists under any facility which is not a discretionary facility or any Borrowings remain outstanding under any term facility WCU covenants and agrees with the Bank that it will maintain a ratio of Funded Debt to Total Capital of not greater than 0.6:1 to be measured quarterly on a consolidated basis.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, for so long as any Borrowings by Enwin remain outstanding under the WCU LC Subfacility, Facility #2 or Facility #3 or the Bank has any further commitments thereunder, Enwin covenants and agrees with the Bank that it will maintain a ratio of Funded Debt to Total Capital of not greater than 0.6:1 to be measured quarterly on an unconsolidated basis.

REPORTING REQUIREMENTS

Each Borrower will provide the following to the Bank:

- a) annually, within one hundred and twenty (120) days of the fiscal year end of the Borrower, audited unconsolidated financial statements of the Borrower;

- b) annually, within one hundred and twenty (120) days of the fiscal year end of the Borrower, a business plan and budget for the upcoming year for the Borrower;
- c) quarterly, within sixty (60) days of the end of each of the first three fiscal ~~quarter~~quarters of the Borrower company prepared financial statements for the Borrower; and
- d) quarterly, within sixty (60) days of the end of ~~each fiscal~~ the first three fiscal quarters and, 120 days of the end of the fourth quarter, of the Borrower, a compliance certificate for the Borrower.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received the following documents or evidence of the following items:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower as the Bank may reasonably require;
- d) all corporate approvals required for the facilities;
- e) accuracy of representations and warranties;
- f) satisfactory legal opinions;
- g) no default or event of default; no material adverse change;
- h) payment of all fees, expenses and amounts due under the Credit Facilities, including legal fees of the Lender;
- i) delivery of Borrower prepared organizational structure;
- j) satisfactory due diligence as determined by the Bank, in its sole and absolute discretion;
- k) discharges in a form satisfactory to its legal counsel of any Liens which do not constitute a Permitted Encumbrance;
- l) estoppel letters in respect of such Permitted Encumbrances as the Bank may require in a form satisfactory to its legal counsel; and
- m) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

All documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

GOVERNING LAW JURISDICTION

Province of Ontario.

ACCEPTANCE

This Agreement is open for acceptance until August 31, 2018, after which date it will be null and void, unless extended in writing by the Bank.

[Signature Page Follows]

ROYAL BANK OF CANADA

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

We acknowledge and accept the terms and conditions of this Agreement
 as of this _____ day of August, 2018.

WINDSOR CANADA UTILITIES LTD.

Per: _____
 Name: ~~Byron Thompson~~ Matt Carlini
 Title: Vice President of Finance and Chief Financial Officer

Per: _____
 Name: ~~Helga Reidel~~ Garry Rossi
 Title: CEO and President
 I/We have the authority to bind the Corporation

ENWIN UTILITIES LTD.

Per: _____
 Name: ~~Byron Thompson~~ Matt Carlini
 Title: Vice President of Finance and Chief Financial Officer

Per: _____
 Name: ~~Helga Reidel~~ Garry Rossi
 Title: CEO and President
 I/We have the authority to bind the Corporation

Attachments:

Terms and Conditions

Schedules:

- "A" - Definitions
- "B" - Calculation and Payment of Interest and Fees
- "C" - Notice Requirements
- "D" - Additional Borrowing Conditions
- ~~"E" - Compliance Certificate~~ CORRA Loans

- [“E” - Additional Borrowing Conditions LCs/LGs](#)
- [“F” - Compliance Certificate](#)
- [“~~F~~G” - Amendment and Restatement Terms and Conditions](#)
- [“H” – Form of Notice of Borrowing/Conversion/Rollover](#)

All attachments, Terms and Conditions and Schedules shall constitute part of this Agreement.

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand including, without limitation, an amount equal to the face amount of all LCs, ~~and BAs~~ which are unmatured or unexpired, which amount shall be held by the Bank as security for the Borrower's obligations to the Bank in respect of such Borrowings. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations.

PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may, upon three (3) business days' notice, prepay such Borrowings in whole or in part without fee or premium ~~provided that BAs can only be repaid at maturity.~~

Where Borrowings are by way of CORRA Loans, the Borrower may prepay such Borrowings in whole or in part with the understanding that a breakage fee or premium may be applied.

Upon request, the Bank will advise the Borrower of such fee or premium. The Borrower may cancel undrawn portions of the Facilities without penalty upon three (3) business days' notice. Amounts cancelled may not be reinstated.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement.

The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security, or in the case of any term facility, an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days' prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of more than ten percent (10%) of its properties or assets in any fiscal year;
- l) will not, in an aggregate amount exceeding five million dollars (\$5,000,000.00), without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein, including the obligations created under the Trust Indenture and any guarantee or letter of credit delivered by WCU in favour of Independent Electricity System Operator ("IESO") in respect of collateral provided to the IESO to secure amounts owing to IESO on account of electricity provided by IESO to Enwin, which are hereby consented to by the Bank;
- m) will not, without the prior written consent of the Bank, which consent shall not be unreasonably withheld, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person unless
 - a. such merger, amalgamation or other business combination is of a non-regulated nature not exceeding an aggregate acquisition cost (including without limitation the purchase price and all other acquisition costs) of five million dollars (\$5,000,000.00), and any new entity assumes obligations of the Borrower to the Bank; or
 - b. the parties to such merger, amalgamation or other business combination are all regulated utilities, consistent with Borrower's line of business whose assets qualify for inclusion in the consolidated rate base, the City of Windsor remains the controlling shareholder following the completion of such merger, amalgamation or other business combination, and any new entity assumes all obligations of the Borrowers to the Bank;
- n) will not, without the prior written consent of the Bank, make a Hostile Take Over Bid;
- o) will permit the Bank or its representatives, from time to time, to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower;

- p) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower, and will not use the proceeds of any Credit Facility except in accordance with the use set out herein;
- q) shall disclose to the Bank any changes to external debt ratings;
- r) WCU shall maintain at all times an S&P rating of not less than BBB/stable; and
- s) Other than intercompany loans from WCU, Enwin will not, without the prior written consent of the Bank, incur any unsecured indebtedness in an aggregate amount exceeding 5% of the WCU Total Capital. For the purposes hereof, “**WCU Total Capital**” shall have the meaning given to the term “**Consolidated Net Worth**” in the Computershare Trust Deed.

EXPENSES, ETC.

The Borrower agrees to pay the Bank all fees, as stipulated in this Agreement. The Borrower also agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with preparation, negotiation and documentation of this Agreement and any Security and the operation, enforcement or termination of this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default or breach of any term or condition of this Agreement or any Security by the Borrower or any Guarantor if applicable (whether or not constituting an Event of Default), ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non-compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles in effect from time to time, applied on a consistent basis from period to period. Any change in accounting principles or the application of accounting principles, including, without limitation, the use of differential reporting (or any changes to the selection of differential reporting options) is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

LIFE AND DISABILITY INSURANCE

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under Business Loan Insurance Plan Policy 51000 ("Policy") issued by Sun Life Assurance Company of Canada to the Bank and the Borrower hereby waives this offer or acknowledges it is ineligible for this offer and acknowledges that Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If there are any discrepancies between the insurance information above, and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any such loan to which this coverage applies. Refer to the Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr) for further explanation and disclosure.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

EMAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any report or certificate provided to the Bank by the Borrower or any Guarantor as applicable, by way of email or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by email or fax transmission is a reliable communication from the Borrower.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default or a breach of any covenant or other term or condition of this Agreement or any Security;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any noncompliance with any Environmental Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances.

Representations and warranties are deemed to be repeated as at the time of each Borrowing.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the

following shall constitute an “**Event of Default**” which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal when due pursuant to this Agreement;
- b) failure of the Borrower to pay any interest or other amount within five (5) days after its due date pursuant to this Agreement;
- c) failure of the Borrower, to observe any covenant, condition or provision contained in this Agreement or in any documentation relating hereto or to the Security;
- d) the Borrower is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- e) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower or to have the Borrower declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower or if any encumbrancer takes possession of any part thereof;
- f) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower;
- g) if any representation or warranty made by the Borrower under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect;
- h) if the Borrower defaults in the payment of any other indebtedness in excess of five million dollars (\$5,000,000.00), whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated;
- i) one or more final judgments or decrees for the payment of money shall have been obtained or entered against the Borrower in excess of five million dollars (\$5,000,000.00) in the aggregate and shall remain unpaid;
- j) if there are any amendments to any agreements, regulations or legislation enabling the Borrower to carry on its business, including any limitation put on the Borrower’s ability to recover the cost of power in a timely fashion from its rate payers, which would have a material adverse effect on the Borrower’s ability to perform its obligations under this Agreement or in any documentation relating hereto or to the Security;
- k) if there is a Change of Control in respect of the Borrower without the Bank’s prior written consent;
- l) failure by the Borrower to implement maximum rate increases as approved by the Ontario Energy Board; or
- m) the Ontario Energy Board Licence held by Enwin is cancelled, terminated, revoked, suspended or otherwise impaired by the applicable governmental authority, or such governmental authority issues a written notice of its intention to do so.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility including, without limitation, an amount equal to the face amount of all LCs ~~and BAs~~ which are unmatured or unexpired, which amount shall be held by the Bank as security for the Borrower’s obligations to the Bank in respect of such Borrowings.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings and/or Leases outstanding under any facility, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

INCREASED COSTS

The Borrower shall reimburse the Bank for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in, any other condition affecting the Credit Facilities imposed by any Applicable Law or the interpretation thereof.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the “**Judgement Currency**”) any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose “rate of exchange” means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

Schedule “A” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

“Adjusted Daily Compounded CORRA” means, for purposes of any calculation, the rate per annum equal to (a) Daily Compounded CORRA for such calculation plus (b) the Daily Compounded CORRA Adjustment; provided that if Adjusted Daily Compounded CORRA as so determined shall be less than the Floor, then Adjusted Daily Compounded CORRA shall be deemed to be the Floor.

“Adjusted Term CORRA” means, for purposes of any calculation, the rate per annum equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that if Adjusted Term CORRA as so determined shall ever be less than the Floor, then Adjusted Term CORRA shall be deemed to be the Floor.

“Affiliate”, when used in respect of any Person, shall have the meaning ascribed to such term under the Canada Business Corporations Act.

“Applicable Laws” means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

~~“Bankers’ Acceptance” or “BA” means a bill of exchange, including a depository bill issued in accordance with the Depository Bills and Notes Act (Canada), drawn on the Bank by, and payable to the order of, the Borrower which have been accepted by the Bank;~~

“Available Daily Compounded CORRA Tenor” means as to any Borrowing by way of a Daily Compounded CORRA Loan, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one (1) or three (3) calendar months after the Borrowing of such Daily Compounded CORRA Loan as specified in the applicable borrowing request.

“Available Term CORRA Tenor” means as to any Borrowing by way of a Term CORRA Loan, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is either one (1) or three (3) calendar months after the Borrowing of such Term CORRA Loan as specified in the applicable borrowing request.

“Borrowing” means each use of a Credit Facility, excluding Leases, and all such usages outstanding at any time are “Borrowings”;

“Branch of Account” means the branch of the Bank at which the Borrowers’ accounts are maintained. As at the date of this Agreement, the “Branch of Account” is the Bank’s Main Branch located at 200 Bay Street South, Toronto, Ontario, M5J 2J5;

“Business Day” means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed ~~throughout Canada in the province of the Branch of Account~~, and when used in connection with a ~~BA~~ CORRA Loan, a “Business Day” also excludes any day which shall be a legal holiday or a day on which banking institutions are closed in ~~Windsor~~ Toronto, Ontario ~~or in the province where the Borrower’s accounts are maintained;~~

“Canadian Available Tenors” means, Available Daily Compounded CORRA Tenor and Available Term CORRA Tenor, or either one of them as the context may require.

“Canadian Dollar” means the lawful currency of Canada.

“Capital Expenditures” means, with respect to any Person and for any period, expenditures made for the purchase, lease, acquisition, development, improvement or construction of property and assets (other than current assets) required to be capitalized in accordance with generally accepted accounting principles including, without limitation, fixed assets and real property.

“Change of Control” means:

(1) in the case of WCU, any transaction that would cause any change to the legal or organizational structure of WCU wherein any one shareholder group would have greater than fifty percent (50%) of the voting shares and/or board control; and

(2) in the case of Enwin, any transaction that would cause any change to the legal or organizational structure of Enwin wherein Enwin ceases to be a wholly-owned subsidiary of WCU.

“Contaminant” includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

“CORRA” means the Canadian overnight repo rate average administered and published by the CORRA Administrator.

“CORRA Administrator” means the Bank of Canada as administrator of the Canadian Overnight Repo Rate Average (or any successor administrator).

“CORRA Administrator’s Website” means the website of the CORRA Administrator, currently at <https://www.bankofcanada.ca/rates/interest-rates/corra/>, or any successor source for CORRA identified as such by the CORRA Administrator from time to time.

“CORRA Borrowings” means Term CORRA Borrowings and Daily Compounded CORRA Borrowings.

“CORRA Interest Payment Date” means the Term CORRA Interest Payment Date, or the Daily Compounded CORRA Interest Payment Date, as applicable.

“CORRA Loans” means Term CORRA Loans and Daily Compounded CORRA Loans, or either one of them as the context may require.

“Daily Compounded CORRA” means, for any day (a “Daily Compounded CORRA Rate Day”), a rate per annum equal to CORRA for the day (such day, the “Daily Compounded CORRA Determination Day”), that is five (5) Business Days prior to (i) if such Daily Compounded CORRA Rate Day is a Business Day, such Daily Compounded CORRA Rate Day or (ii) if such Daily Compounded CORRA Rate Day is not a Business Day, the Business Day immediately preceding such Daily Compounded CORRA Rate Day, in each case, as CORRA is published by the administrator; provided, however, that if as of 5:00 p.m. (Toronto time) on any Daily Compounded CORRA Determination Day, CORRA for the applicable tenor has not been published by the administrator and a Canadian Benchmark Replacement Date with respect to Daily Compounded CORRA has not occurred, then Daily Compounded CORRA will be CORRA as published by the administrator on the first preceding Business Day for which CORRA was published by the administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Daily Compounded CORRA Determination Day; provided, that to the extent such rate as determined above shall, at any time, be less than the Floor, such rate shall be deemed to be Floor for all purposes herein.

“Daily Compounded CORRA Adjustment” means for an Interest Period of a duration of (a) one-month, a percentage equal to [REDACTED] and (b) three-months, percentage equal to [REDACTED]

“Daily Compounded CORRA Borrowing” means a Borrowing comprised of Daily Compounded CORRA Loans.

“Daily Compounded CORRA Determination Day” has the meaning set forth in the definition of “Daily Compounded CORRA”.

“Daily Compounded CORRA Interest Payment Date” means the last day of the selected Available Daily Compounded CORRA Tenor; provided that, as to any such Daily Compounded CORRA Loan if any such date would be a day other than a Business Day, such date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such date shall be the next preceding Business Day.

“Daily Compounded CORRA Loan” means a loan that bears interest at a rate based on Adjusted Daily Compounded CORRA.

“Daily Compounded CORRA Rate Day” has the meaning set forth in the definition of “Daily Compounded CORRA”.

“Environmental Activity” means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

“Environmental Laws” means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

“Equity” means the total of share capital (excluding preferred shares redeemable within one year) contributed surplus and retained earnings plus postponed debt;

“Equivalent Amount” means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

“Floor” means a rate of interest equal to 0.00%.

“Funded Debt” means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding postponed debt;

“Guarantor” means any Person who has guaranteed the obligations of the Borrower under this Agreement;

“Hostile Take Over Bid” an offer by the Borrower to acquire outstanding voting securities or equity securities of a non-affiliated corporation (the **“Target Corporation”**) where the securities subject to the offer to acquire, together with any securities of the Target Corporation already owned by the Borrower, constitute in the aggregate twenty percent (20%) or more of the outstanding securities of that class of securities at the date of the offer to acquire unless such offer by the Borrower has been approved or recommended by the board of directors of the Target Corporation;

“Interest Period” means, (a) with respect to each Term CORRA Loan, the initial period (subject to availability) of one (1), three (3) months or such other period as the Bank permits commencing on and including the date specified in the borrowing request is made, or the rollover date, as the case may be, applicable to such Term CORRA Loan and ending on and excluding the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) or three (3) months or such other permitted period as selected by the Borrower and notified to the Bank in writing commencing on and including the last day of the prior Interest Period; and (b) with respect to each Daily Compounded CORRA Loan, the initial period (subject to availability) of approximately one (1) month or three (3) months or such other period as the Bank permits commencing on and including the date on which a borrowing request is made, or the rollover date, as the case may be, applicable to such Daily Compounded CORRA Loan and ending on and excluding the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) month or three (3) months or such other permitted period as the Bank permits commencing on and including the last day of the prior Interest Period; provided however that: (i) in the case of a rollover, the last day of each Interest Period shall also be the first day of the next Interest Period; (ii) the last day of each Interest Period shall be a Business Day and if not, the Borrower shall be deemed to have selected an Interest Period the last day of which is the first Business Day following the last day of the Interest Period selected by the Borrower, unless such first Business Day is in a succeeding calendar month, in which case, the last day of such Interest Period shall be the immediately preceding Business Day; and (iii) notwithstanding any of the foregoing, the last day of each Interest Period shall be on or before the Maturity Date.

“Lease” means an advance of credit by the Bank to the Borrower by way of a Master Lease Agreement, Master Leasing Agreement, Leasing Schedule, Equipment Lease, Conditional Sales Contract or pursuant to an Interim Funding Agreement or an Agency Agreement, in each case issued to the Borrower;

“Letter of Credit” or “LC” means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of paying suppliers of goods;

“Letter of Guarantee” or “LG” means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of providing security to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

“Lien” means: (i) a lien, charge, mortgage, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing;

“Loan Documents” means at any time means, collectively, this Agreement, the Security, each certificate and each undertaking or other document executed and delivered to or for the benefit of the Bank pursuant to or otherwise in connection with any of the foregoing agreements at or before such time.

“Loans” means any advance to the Borrower on which interest is calculated and payable on the basis of the in CAD on which interest is calculated and payable on the basis of RPB, Adjusted Term CORRA, or Adjusted Daily Compounded CORRA.

“Maturity Date” means the date on which a facility is due and payable in full;

“Periodic Term CORRA Determination Day” has the meaning assigned to it under the definition of Term CORRA.

“Permitted Encumbrances” means, with respect to each of the Borrower:

- a) any lien created by, or arising under an statute or regulation or common law (in contrast with liens voluntarily granted) in connection with, without limiting the foregoing, workers’ compensation, unemployment insurance, employers’ health tax or other social security or statutory obligations that secure

amounts that are not yet due or which are being contested in good faith by proper proceedings diligently pursued and as to which adequate reserves have been established on the Borrower's books and records and a stay of enforcement of the lien is in effect;

b) liens made or incurred in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the borrowing of money), leases, statutory obligations or surety and performance bonds;

c) any construction, workers', materialmens' or other like lien created by law (in contrast with liens voluntarily granted), arising in connection with construction or maintenance in the ordinary course of business, in respect of obligations which are not due or which are being contested in good faith by proper proceedings diligently pursued and as to which adequate reserves have been established on the Borrower's books and records and a stay of enforcement of the lien is in effect;

d) any lien for taxes not due or being contested in good faith but appropriate proceedings diligently pursued and as to which adequate reserves have been established on the Borrower's books and records and a stay of enforcement of the lien is in effect;

e) minor imperfections in title on real property that do not materially detract from the value of the real property subject thereto and do not materially impair the Borrower's ability to carry on its business or the Lender's rights and remedies under the documents;

f) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including rights-of-way, and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other persons which in the aggregate do not materially impair the usefulness, in the operation of the business of the Borrower, of the real property subject to the restrictions, easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other persons and, in each case, which do not impair the Lender's rights and remedies under the documents;

g) the rights reserved to or vested in any person by the terms of any lease, licence, franchise, grant or permit held by the borrower or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

h) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from government entities;

i) restrictive covenants affecting the use to which real property may be put, provided that the covenants are complied with and do not materially detract from the value of the real property concerned or materially impair its use in the operations of the borrower or impair the agent's or the lenders' rights and remedies under the documents;

j) liens in favour of the Bank created by the security documents;

k) purchase money security interests ("PMSIs");

l) liens on securitized assets, including assets in process of securitization;

m) liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of the person, provided that such liens do not reduce the value of the assets of the person or materially interfere with their use in the operation of the business of the person;

n) servicing agreements, development agreements, site plan agreements, and other agreements with governmental entities pertaining to the use or development of any of the assets of the person, provided

same are complied with and do not reduce the value of the assets of the person or materially interfere with their use in the operation of the business of the person including, without limitation, any obligations to deliver letters of credit and other security as required;

o) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and do not reduce the value of the assets of the person or materially interfere with their use in the operation of the business of the person;

p) contractual rights of set-off pursuant to contracts entered into with respect to cash consolidation, cash management and electronic fund transfer arrangements;

q) other specific liens listed on Schedule "A-1";

r) other Liens from time to time provided that the aggregate amount of indebtedness evidenced by such other Liens does not at any time exceed an aggregate amount of Five Million Dollars (\$5,000,000.00); and

s) Liens given by Enwin to WCU for secured intercompany debt provided (1) Enwin has no Borrowings under the WCU LC Subfacility, Facility #2 or Facility #3 and the Bank has no further commitments thereunder; and (2) WCU has provided the Bank with written notice of the registration of any such Lien and a written acknowledgement that Enwin is no longer a Borrower hereunder.

"**Person**" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"**Potential Prior-Ranking Claims**" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" means, on any day, the greater of:

~~"RBP" and "Royal Bank Prime" each means (i)~~ the annual rate of interest announced ~~by the Bank~~ from time to time by the Bank as being ~~its~~ reference rate then in effect on such day for determining interest rates on Canadian Dollar denominated commercial loans made ~~in Canadian currency~~ by it in Canada; and

(ii) Adjusted Daily Compounded CORRA for an interest period of one month in effect from time to time, plus 100 basis points per annum;

"**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

~~"Royal Bank Prime Acceptance Fee" or "RBP AF" means the annual rate announced by the Bank from time to time as a reference rate then in effect for determining fees on BAs; and~~

"Term CORRA" means, for any calculation with respect to a Term CORRA Loan, the Term CORRA Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term CORRA Determination Day") that is two (2) Business Days prior to the first day of such Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Canadian Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then

Term CORRA will be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day; provided, further than if Term CORRA shall ever be less than the Floor, then Term CORRA shall be determined to be the Floor.

“Term CORRA Adjustment” means for an Interest Period of a duration of (a) one-month, a percentage equal to [REDACTED] and (b) three-months, a percentage equal to [REDACTED].

“Term CORRA Administrator” means Candéal Benchmark Administration Services Inc., TSX Inc., or any successor administrator.

“Term CORRA Borrowing” means a Borrowing comprised of Term CORRA Loans.

“Term CORRA Interest Payment Date” means the last day of the selected Available Term CORRA Tenor; provided that, as to any such Term CORRA Loan if any such date would be a day other than a Business Day, such date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such date shall be the next preceding Business Day.

“Term CORRA Loan” means a loan that bears interest at a rate based on Adjusted Term CORRA.

“Term CORRA Reference Rate” means the forward-looking term rate based on CORRA.

“Total Capital” means Funded Debt plus Equity.

Schedule “A-1” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

Permitted Encumbrances – Specific – Real Property

Nil

Permitted Encumbrances – Specific – Personal Property

WCU

1)	<p><u>Original Registration Number:</u> 20030331 1628 1254 9836</p> <p><u>File No:</u> 892932084</p> <p><u>Registration Period (including renewals):</u> 22 years</p> <p><u>Additional Debtor:</u> ENWIN ENERGY LTD.</p> <p><u>Secured Party:</u> ELEMENT FLEET MANAGEMENT INC. (assigned from GE Capital Vehicle and Equipment Leasing Inc.)</p> <p><u>Collateral Classification:</u> Inventory, Equipment, Accounts, Other and Motor Vehicle Included</p> <p><u>General Collateral Description:</u> All present and after acquired motor vehicles, trailers, and goods of whatever make or description, now or hereafter leased by the secured party to the debtor, together with all additions, replacement parts, accessions, attachments and improvements thereto, and all proceeds thereof, including money, chattel paper, intangibles, goods, documents of title, securities, substitutions, accounts receivable, rental and loan contracts, all personal property returned, traded in or repossessed and all insurance proceeds and any other form of proceeds thereof.</p>
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Registration Number: 20030331 1628 1254 9836
 File No: 892932084
 Registration Period: 7 years
 Secured Party: GE Capital Vehicle and Equipment Leasing Inc.
 Collateral Classification: Equipment, Other and Motor Vehicle Included
 General Collateral Description: All present and after acquired motor vehicles, tractors, trailers, vans, accessories under lease and proceeds thereof.

~~Registration amended by financing change statement 20060601 0908 1254 2458 to add debtors, and collateral classification, change general collateral description. Collateral Classification: Inventory, Equipment, Accounts, Other, and Motor Vehicle Included. Additional Debtors: Enwin Energy Ltd., Enwin Utilities Ltd., and Enwin Powerlines Ltd. General Collateral Description: All present and after acquired motor vehicles, trailers, and goods of whatever make or description, now or hereafter leased by the secured party to the debtor, together with all additions, replacement parts, accessions, attachments and improvements thereto, and all proceeds thereof, including money, chattel paper, intangibles, goods, documents of title, securities, substitutions, accounts receivable, rental and loan contracts, all personal property returned, traded in or repossessed and all insurance proceeds and any other form of proceeds thereof.~~

~~Registration renewed by financing change statement 20100226 0842 1254 3657 for a period of five (5) years.~~

~~Registration renewed by financing change statement 20130425 1133 1254 4244 for a period of ten (10) years.~~

~~Registration amended by financing change statement 20131210 1943 1531 6380 to add secured party "Element Fleet Management Inc." and delete secured party "GE Capital Vehicle and Equipment Leasing Inc."~~

Enwin

<u>2)</u> 4)	Registration Number: 20180716 1132 <u>20240506</u> <u>1631</u> 9237 File No: 1048 <u>9606</u> Registration Period: 741622995 <u>505118304</u> Secured Party: INTEGRATED DISTRIBUTION SYSTEMS LP O/A WAJAX EQUIPMENT <u>LIMITED</u> Collateral Classification: Equipment and Motor Vehicle Included General Collateral Description: <u>Motor Vehicle:</u> <u>2024 MHITC ZXParts 24 HI36058</u> 2018 TELELECT GENERAL 65 (VIN: 2180562962)
2)	Registration Number: 20170728 1440 8077 8276 File No: 730329228 Registration Period: 6 years Secured Party: PITNEY BOWES GLOBAL FINANCIAL SERVICES Collateral Classification: Equipment and Other Maturity Date: No Fixed Maturity Date General Collateral Description: SENDPRO CONNECT PLUS MAILING SYSTEM (MGBA), RELAY 7000 INSERTING SYSTEM (TI70)
3)	Registration Number: 20140529 1430 8077 4167 File No: 696598245 Registration Period: 5 years Secured Party: WINDSOR COPIER INC Collateral Classification: Equipment, Accounts and Other Maturity Date: No Fixed Maturity Date General Collateral Description: ALL COPIER EQUIPMENT FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.
4)	Registration Number: 20130425 1701 2078 1375 File No: 686379681 Registration Period: 10 years Additional Debtor: WINDSOR UTILITIES LTD. Secured Party: GE VEHICLE AND EQUIPMENT FINANCING Collateral Classification: Inventory, Equipment, Accounts, Other

	<p style="text-align: right;">and Motor Vehicle Included</p> <p>General Collateral Description:</p> <p>ALL PRESENT AND AFTER ACQUIRED MOTOR VEHICLES, TRAILERS, AND GOODS OF WHATEVER MAKE OR DESCRIPTION, NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, TOGETHER WITH ALL ADDITIONS, REPLACEMENT PARTS, ACCESSIONS, ATTACHMENTS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS THEREOF, INCLUDING MONEY, CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, SECURITIES, SUBSTITUTIONS, ACCOUNTS RECEIVABLE, RENTAL AND LOAN CONTRACTS, ALL PERSONAL PROPERTY RETURNED, TRADED IN OR REPOSSESSED AND ALL INSURANCE PROCEEDS AND ANY OTHER FORM OF PROCEEDS THEREOF.</p>
5)	<p>Registration Number: 20120919-1638-8077-7889</p> <p>File No: 681576381</p> <p>Registration Period: 6 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Other and Motor Vehicle Included</p> <p>Maturity Date: No Fixed Maturity Date</p> <p>Motor Vehicle Description:</p> <p>2012 DODGE UTILITY TRUCK RAM MEGACAB 3500 ST (VIN: 3C7WD9CL2CG217609)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p>
<u>3)</u> 6)	<p>Registration Number: 20120427-1430-8077-7191<u>20240307</u></p> <p>File No: 1024 1901 8349</p> <p>Registration Period: 677922273<u>503313597</u></p> <p>Secured Party: 6 years<u>1 year</u></p> <p>Collateral Classification: ROYAL BANK<u>PITNEY BOWES</u> OF CANADA <u>LTD.</u></p> <p>Maturity Date: Equipment, Other and Motor Vehicle Included</p> <p>Motor Vehicle Description: No Fixed Maturity Date</p> <p><u>General Collateral Description:</u> <u>All equipment of whatever nature manufactured, sold distributed or financed by Pitney Bowes Inc., and/or its subsidiaries, including Pitney Bowes Canada Ltd., and all proceeds therefrom.</u></p>

	<p><u>accessories, additions and attachments thereto and replacements therefor.</u></p> <p>2012 FORD TRUCK F250 (VIN: 1FTBF2A65CEB47198)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p> <p>Registration renewed by financing change statement 20180125 1624 8077 6487 for a period of one (1) year.</p> <p>Registration discharged by financing change statement 20180725 1434 8077 6832.</p>
7)	<p>Registration Number: 20120427 1430 8077 7233</p> <p>File No: 677922696</p> <p>Registration Period: 6 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Other and Motor Vehicle Included</p> <p>Maturity Date: No Fixed Maturity Date</p> <p>Motor Vehicle Description:</p> <p>2012 FORD TRUCK E150 (VIN: 1FTNE1EW9CDA61922)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p> <p>Registration renewed by financing change statement 20180125 1624 8077 6488 for a period of one (1) year.</p> <p>Registration discharged by financing change statement 20180725 1434 8077 6833.</p>
8)	<p>Registration Number: 20111212 1657 8077 7681</p> <p>File No: 675016191</p> <p>Registration Period: 8 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p>

	<p>Collateral Classification: Equipment, Other and Motor Vehicle Included</p> <p>Maturity Date: No Fixed Maturity Date</p> <p>Motor Vehicle Description:</p> <p>2012 FREIGHTLINER CHASSIS M2-106 (VIN: 1FVHCYBS3CHBF2385)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p>
9)	<p>Registration Number: 20111021-1442-8077-3670</p> <p>File No: 673815762</p> <p>Registration Period: 7 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Other and Motor Vehicle Included</p> <p>Maturity Date: No Fixed Maturity Date</p> <p>Motor Vehicle Description:</p> <p>2012 FREIGHTLINER M2-106 (VIN: 1FVACYBS7CHBF8174)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p>
10)	<p>Registration Number: 20111021-1442-8077-3672</p> <p>File No: 673815789</p> <p>Registration Period: 7 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Other and Motor Vehicle Included</p>

	<p>Maturity Date: No Fixed Maturity Date</p> <p>Motor Vehicle Description:</p> <p>2012 FREIGHTLINER M2 106 (VIN: 1FVACYBS9CHBF8175)</p> <p>General Collateral Description:</p> <p>TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p> <p>Registration renewed by financing change statement 20111108 1032 8077 5198 for a period of one (1) year.</p>
41)	<p>Registration Number: 20110512 1536 6005 5110</p> <p>File No: 669830436</p> <p>Registration Period: 9 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Accounts, Other and Motor Vehicle Included</p> <p>Motor Vehicle Description:</p> <p>2012 FREIGHTLINER M2106 UTILITY TRUCK (VIN: 1FVACYBS9CHBF8175)</p> <p>2012 FREIGHTLINER M2106 UTILITY TRUCK (VIN: 1FVHCYBS3CHBF2385)</p> <p>2012 FREIGHTLINER M2106 UTILITY TRUCK (VIN: 1FVACYBS7CHBF8174)</p> <p>General Collateral Description:</p> <p>None.</p>
<u>4)</u> 42)	<p><u>Original</u> Registration Number: 20090617 1412 6005 3560</p> <p>File No: 654272172</p> <p>Registration Period: <u>40 (including renewals):</u> 20 years</p> <p>Secured Party: ROYAL BANK OF CANADA</p> <p>Collateral Classification: Equipment, Accounts and Other</p> <p>General Collateral Description:</p> <p><u>General Collateral Description:</u> <u>LEASE NUMBER 80979-16269 together with all inventory and equipment now or hereafter acquired by the debtor and financed by the secured party together with all attachments, accessories,</u></p>

	<p><u>accessions, replacements, substitutions, additions and improvements thereto, and all proceeds in any form derived directly or indirectly from any dealing with the collateral or proceeds thereof, and without limitation, money, cheques, deposits in deposit-taking institutions, goods, accounts receivable, rents or other payments arising from the lease of the collateral, chattel paper, instruments, intangibles, documents of title, securities, and rights of insurance payments or any other payments as indemnity or compensation for loss or damage to the collateral or proceeds of the collateral.</u></p> <p>LEASE NUMBER 80979 16269</p> <p>Registration renewed by financing change statement 20160427 1639 8077 5928 for a period of one (1) year.</p> <p>Registration amended by financing change statement ENWIN UTILITIES LTD. to add general collateral description: TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.</p>
<p><u>51</u> 13</p>	<p><u>Original</u> Registration Number: 20030331 1628 1254 9836</p> <p>File No: 892932084</p> <p>Registration Period: 7 (including renewals): 22 years</p> <p>Original <u>Additional</u> Debtor: —Windsor Canada Utilities Ltd. <u>WINDSOR CANADA UTILITIES LTD.</u></p> <p>Secured Party: <u>ELEMENT FLEET MANAGEMENT INC. (assigned from GE Capital Vehicle and Equipment Leasing Inc.)</u></p> <p>Collateral Classification: <u>Inventory, Equipment, Accounts, Other and Motor Vehicle Included</u></p> <p>General Collateral Description:</p> <p><u>General Collateral Description:</u> <u>All present and after acquired motor vehicles, trailers, and goods of whatever make or description, now or hereafter leased by the secured party to the debtor, together with all additions, replacement parts, accessions, attachments and improvements thereto, and all proceeds thereof, including money, chattel paper, intangibles, goods, documents of title, securities, substitutions, accounts</u></p>

	<p><u>receivable, rental and loan contracts, all personal property returned, traded in or repossessed and all insurance proceeds and any other form of proceeds thereof.</u></p> <p>ALL PRESENT AND AFTER ACQUIRED MOTOR VEHICLES, TRACTORS, TRAILERS, VANS, ACCESSORIES UNDER LEASE AND PROCEEDS THEREOF.</p> <p>Registration amended by financing change statement 20060601 0908 1254 2458 to add debtors, and collateral classification, change general collateral description: Collateral Classification: Inventory, Equipment, Accounts, Other, and Motor Vehicle Included. Additional Debtors: Enwin Energy Ltd., Enwin Utilities Ltd., and Enwin Powerlines Ltd. General Collateral Description: ALL PRESENT AND AFTER ACQUIRED MOTOR VEHICLES, TRAILERS, AND GOODS OF WHATEVER MAKE OR DESCRIPTION, NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, TOGETHER WITH ALL ADDITIONS, REPLACEMENT PARTS, ACCESSIONS, ATTACHMENTS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS THEREOF, INCLUDING MONEY, CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, SECURITIES, SUBSTITUTIONS, ACCOUNTS RECEIVABLE, RENTAL AND LOAN CONTRACTS, ALL PERSONAL PROPERTY RETURNED, TRADED IN OR REPOSSESSED AND ALL INSURANCE PROCEEDS AND ANY OTHER FORM OF PROCEEDS THEREOF.</p> <p>Registration renewed by financing change statement 20100226 0842 1254 3657 for a period of five (5) years.</p> <p>Registration renewed by financing change statement 20130425 1133 1254 4244 for a period of ten (10) years.</p> <p>Registration amended by financing change statement 20131210 1943 1531 6380 to add secured party "Element Fleet Management Inc." and delete secured party "GE Capital Vehicle and Equipment Leasing Inc."</p>
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Schedule “B” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

LETTER OF CREDIT FEES

The Borrower shall pay a LC fee on the date of issuance of any LC calculated on the face amount of the LC issued, based upon the number of days in the term and a year of 365 days. If applicable, fees for LCs issued in US currency shall be paid in US currency and fees for LCs issued in any other approved currency shall be paid in Canadian currency.

~~BANKERS ACCEPTANCES~~ CORRA LOANS

The Borrower shall pay ~~an acceptance fee in advance on the date of issue of each BA at the applicable rate provided for in this Agreement. Acceptance fees~~ interest on each CORRA Loan on the CORRA Interest Payment Date for such CORRA Loan, calculated in arrears. Such interest will accrue daily and shall be calculated on the ~~face amount of the BA issued and based upon the basis of the actual~~ number of days ~~in the term thereof and a year of~~ elapsed from the date of Borrowing of such CORRA Loan, divided by 365 ~~days~~.

STANDBY FEES

The fee will be calculated in arrears, paid as per the frequency indicated in the Fees section of this Agreement and will accrue daily on the unutilized and uncanceled portion of the amount of the applicable facility from and including the date of acceptance of this Agreement.

INTEREST RATES

The Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the RBP, Daily Compounded CORRA, Adjusted Daily Compounded CORRA or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Canadian Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Canadian Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as RBP, Daily Compounded CORRA, Adjusted Daily Compounded CORRA or any other Canadian Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Canadian Conforming Changes. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of RBP, Daily Compounded CORRA, Adjusted Daily Compounded CORRA, any alternative, successor or replacement rate (including any Canadian Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Bank may select information sources or services in its reasonable discretion to ascertain RBP, Daily Compounded CORRA, Adjusted Daily Compounded CORRA, or any other Canadian Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Schedule "C" to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

NOTICE REQUIREMENTS

Notice Requirements for RBP Loans:

Amount	Prior Notice
Under \$20,000,000	By 2 p.m. (E.S.T. time) on the day of Borrowing
\$20,000,000 up to but not including \$50,000,000	By 10:00 am. Eastern Standard Time on the day of Borrowing
\$50,000,000 and over	By 12:00 a.m. Eastern Standard Time, 1 Business Day prior to the day of Borrowing

Notice Requirements for ~~BA~~CORRA Loans:

Amount	Prior Notice
Up to but not including \$50,000,000	By 10:00 a.m. 12:00 p.m. Eastern Standard Time on , 2 Business Days prior to the day of Borrowing
\$50,000,000 and over	By 12:00 a.m. 12:00 p.m. Eastern Standard Time, 1 2 Business Day Days prior to the day of Borrowing

Notice Requirements for LCs:

Amount	Prior Notice
Any Amount	By 10:00 a.m. Eastern Standard Time, 3 Business Days prior to the day of Borrowing

Schedule “D” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

ADDITIONAL BORROWING CONDITIONS FOR CORRA LOANS

~~BA~~ Daily Compounded CORRA Loans:

Borrowings made by way of ~~BA~~ Daily Compounded CORRA Loans will be subject to the following terms and conditions:

- (a) Daily Compounded CORRA Loans shall be issued on a Business Day and shall be made in minimum amounts of \$250,000.00;
- (b) Daily Compounded CORRA Loans shall mature, and the Borrower shall repay such Daily Compounded CORRA Loan and all outstanding interest, on the last day of the selected Available Daily Compounded CORRA Tenor, provided that if any such date would be a day other than a Business Day, such date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such date shall be the next preceding Business Day;
- (c) notwithstanding anything herein to the contrary, Daily Compounded CORRA Loans shall not be available under any term facility with weekly, bi-weekly or semi-monthly principal payment frequency;
- (d) notwithstanding anything herein to the contrary, the Borrower may not select an Available Daily Compounded CORRA Tenor for any Daily Compounded CORRA Loan issued under any:
 - (i) any term facility that (i) ends after the expiration of any revolving or draw period for such term facility (where applicable), (ii) is longer than the principal payment frequency for such term facility or for any draw under such term facility, and/or (iii) without limiting the foregoing, ends after the Maturity Date for such term facility;
 - (ii) temporary facility that ends after the expiration of the availability of such facility; and
 - (iii) seasonal facility that ends after the expiration of the availability period for such facility for the applicable year;
- (e) notwithstanding anything herein to the contrary, if the Borrower repays any principal outstanding under a Daily Compounded CORRA Loan before the expiration of the tenor for such Daily Compounded CORRA Loan, a fee may be payable in connection with such repayment in such amount as the Bank may determine;
- (f) if the Bank so requests, the Borrower shall enter into a Hedge Contract to hedge the principal and interest of each Daily Compounded CORRA Loan against the risk of currency and exchange rate fluctuations. “Hedge Contract” means any rate swap, rate cap, rate floor, rate collar, currency exchange transaction, forward rate agreement or other exchange, hedging or rate protection transaction, or any combination of such transactions or agreements or any option with respect to any such transaction now existing or hereafter entered into between the Borrower and the Bank;
- (g) if the Bank determines, which determination is final, conclusive and binding upon the Borrower, that (each a “Daily Compounded CORRA Unavailability Event”);

(i) save and except as set out in paragraph (h) below, adequate and fair means do not exist for ascertaining Daily Compounded CORRA (including, without limitation, because such rate is not available from or published on a current basis by the services used by the Bank to obtain such rate),

or

(ii) the cost to the Bank of making or maintaining a Daily Compounded CORRA Loan does not accurately reflect the effective cost to the Bank thereof or the costs to the Bank are increased or the income receivable by the Bank is reduced in respect of a Daily Compounded CORRA Loan,

then:

X) the Bank shall apply RBP (plus the margin applicable to RBP Loans set out in this Agreement) as the applicable interest rate for such outstanding Daily Compounded CORRA Loan during the duration of the applicable Daily Compounded CORRA Unavailability Event; and

Y) the Bank shall have the right, on written notice to the Borrower, to refuse to make a Daily Compounded CORRA Loan during the duration of the applicable Daily Compounded CORRA Unavailability Event; and

Z) on issuance of such notice, with respect to any outstanding Daily Compounded CORRA Loan, the Borrower shall either (I) provide the Bank with a written request to convert such Daily Compounded CORRA Loan to another pricing option under the applicable Credit Facility on the expiration of such Daily Compounded CORRA Loan; or (II) repay such Daily Compounded CORRA Loan on the expiration thereof. If the Borrower fails to provide such notice or repay such Daily Compounded CORRA Loan, the Borrower shall be deemed to have submitted a request to convert such Daily Compounded CORRA Loan to a RPB Loan on the expiration thereof.

(h) if by 5:00 pm (Toronto, Ontario time) on any day, the CORRA in respect of such day has not been published on the CORRA administrator's website, then the CORRA for such day will be the CORRA as published in respect of the first preceding Business Day for which such CORRA was published on the CORRA administrator's website so long as such first preceding Business Day is not more than three Business Days prior to such day;

(i) any change in Daily Compounded CORRA due to a change in CORRA shall be effective from and including the effective date of such change in CORRA without notice to the Borrower; and

(j) the Bank shall have the right, at any time on written notice to the Borrower, to amend the lookback period with respect to Daily Compounded CORRA lookback period, and such amendment shall apply to the determination of Daily Compounded CORRA for all Daily Compounded CORRA Loans made after the date on which written such notice is effective.

Term CORRA Loans:

Borrowings made by way of Term CORRA Loans will be subject to the following terms and conditions:

- (a) ~~a) BAs~~ Term CORRA Loans shall be issued ~~and mature~~ on a Business Day and shall be ~~issued~~ made in minimum ~~face~~ amounts of \$500,000 ~~or such larger amount as is a whole multiple of \$100,000 for terms of not less than 30 and not more than 180 days~~ 250,000.00;
- (b) Term CORRA Loans shall mature, and the Borrower shall repay such Term CORRA Loan and all outstanding interest, on the last day of the selected Available Term CORRA Tenor, provided that if any such date would be a day other than a Business Day, such date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such date shall be the next preceding Business Day;
- (c) notwithstanding anything herein to the contrary, Term CORRA Loans shall not be available under any term facility with weekly, bi-weekly or semi-monthly principal payment frequency;
- (d) notwithstanding anything herein to the contrary, the Borrower may not select an Available Term CORRA Tenor for any Term CORRA Loan issued under any:
- (i) any term facility that (i) ends after the expiration of any revolving or draw period for such term facility (where applicable), (ii) is longer than the principal payment frequency for such term facility or for any draw under such term facility, and/or (iii) without limiting the foregoing, ends after the Maturity Date for such term facility;
 - (ii) temporary facility that ends after the expiration of the availability of such facility; and
 - (iii) seasonal facility that ends after the expiration of the availability period for such facility for the applicable year;
- (e) notwithstanding anything herein to the contrary, if the Borrower repays any principal outstanding under a Term CORRA Loan before the expiration of the tenor for such Term CORRA Loan, a fee may be payable in connection with such repayment in such amount as the Bank may determine;
- (f) if the Bank so requests, the Borrower shall enter into a Hedge Contract to hedge the principal and interest of each Term CORRA Loan against the risk of currency and exchange rate fluctuations. "Hedge Contract" means any rate swap, rate cap, rate floor, rate collar, currency exchange transaction, forward rate agreement or other exchange, hedging or rate protection transaction, or any combination of such transactions or agreements or any option with respect to any such transaction now existing or hereafter entered into between the Borrower and the Bank;
- (g) if the Bank determines, which determination is final, conclusive and binding upon the Borrower, that (each a "Term CORRA Unavailability Event"):
- (i) save and except as set out in paragraph (h) below, adequate and fair means do not exist for ascertaining the Term CORRA Reference Rate (including, without limitation, because such rate is not available from or published on a current basis by the services used by the Bank to obtain such rate),
 - or
 - (ii) the cost to the Bank of making or maintaining a Term CORRA Loans does not accurately reflect the effective cost to the Bank thereof or the costs to the Bank

are increased or the income receivable by the Bank is reduced in respect of a Term CORRA Loans,

then:

- X) ~~b) the Bank may, in its sole discretion, refuse to accept the Borrower's drafts or limit the amount of any BA issue at any time;~~ shall have the right, on written notice to the Borrower, to refuse to make a Term CORRA Loan when the applicable condition (i) or (ii) applies; and
- ~~c) notwithstanding any other provision of this Agreement, the Borrower shall indemnify the Bank against any loss, cost or expense incurred by the Bank if any BA is repaid, prepaid, converted or cancelled other than on the maturity date of such BA;~~

Y) on issuance of such notice, with respect to any outstanding Term CORRA Loan, the Borrower shall either (I) provide the Bank with a written request to convert such Term CORRA Loan to another pricing option under the applicable Credit Facility on the expiration of such Term CORRA Loan; or (II) repay such Term CORRA Loan on the expiration thereof. If the Borrower fails to provide such notice or repay such Term CORRA Loan, the Borrower shall be deemed to have submitted a request to convert such Term CORRA Loan to a Daily Compounded CORRA Loan (or an RBP Loan if a Term CORRA Unavailability Event has occurred) on the expiration thereof.

- (h) if by 5:00 pm (Toronto, Ontario time) on any day, the Term CORRA Reference Rate in respect of such day has not been published on the Term CORRA Administrator's Website, then the Term CORRA Reference Rate for such day will be the Term CORRA Reference Rate as published in respect of the first preceding Business Day for which such Term CORRA Reference Rate was published on the Term CORRA Administrator's Website so long as such first preceding Business Day is not more than three Business Days prior to such day; and
- (i) the Bank shall have the right, at any time on written notice to the Borrower, to amend the Term CORRA lookback period, and such amendment shall apply to the determination of the Term CORRA rate for all Term CORRA Loans made after the date on which written such notice is effective.

CANADIAN BENCHMARK REPLACEMENT SETTING

- a) Canadian Benchmark Replacement. Notwithstanding anything to the contrary herein, if a Canadian Benchmark Transition Event and its related Canadian Benchmark Replacement Date have occurred prior any setting of the then-current Canadian Benchmark, then (x) if a Canadian Benchmark Replacement is determined in accordance with clause (a) of the definition of "Canadian Benchmark Replacement" for such Canadian Benchmark Replacement Date, such Canadian Benchmark Replacement will replace such Canadian Benchmark for all purposes hereunder in respect of such Canadian Benchmark setting and subsequent Canadian Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement and (y) if a Canadian Benchmark Replacement is determined in accordance with clause (b) of the definition of "Canadian Benchmark Replacement" for such Canadian Benchmark Replacement Date, such Canadian Benchmark Replacement will replace such Canadian Benchmark for all purposes hereunder and under any Loan Document in respect of any Canadian Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Canadian Benchmark Replacement is provided to the Borrower without any amendment to, or further action or consent of any other party to, this Agreement. If the Canadian Benchmark Replacement is Adjusted Daily Compounded CORRA, all interest payments will be payable on the last day of each Interest Period.
- b) Canadian Conforming Changes. In connection with the use, administration, adoption or implementation of a Canadian Benchmark Replacement, the Bank will have the right to make such

Canadian Conforming Changes from time to time and, notwithstanding anything to the contrary herein, any amendments implementing such Canadian Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

- c) Notices; Standards for Decisions and Determinations. The Bank will promptly notify the Borrower of (i) the implementation of any Canadian Benchmark Replacement and (ii) the effectiveness of any such Canadian Conforming Changes in connection with the use, administration, adoption or implementation of a Canadian Benchmark Replacement. The Bank will notify the Borrower of (x) the removal or reinstatement of any tenor of a Canadian Benchmark pursuant to paragraph (d) below, and (y) the commencement of any Canadian Benchmark Unavailability Period. Any determination, decision or election that may be made by the Bank pursuant to this Section including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement, except, in each case, as expressly required pursuant to this Agreement.
- d) Unavailability of Tenor of Canadian Benchmark. Notwithstanding anything to the contrary herein, at any time (including in connection with the implementation of a Canadian Benchmark Replacement), (i) if the then-current Canadian Benchmark is a term rate and either (A) any tenor for such Canadian Benchmark is not displayed on a screen or other information service that publishes such rate **from time to time as** selected by the Bank in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Canadian Benchmark has provided a public statement or publication of information announcing that any tenor for such Canadian Benchmark is not or will not be representative, then the Bank may modify the definition of "Interest Period" (or any similar or analogous definition) for any Canadian Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Canadian Benchmark (including a Canadian Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Canadian Benchmark (including a Canadian Benchmark Replacement), then the Bank may modify the definition of "Interest Period" (or any similar or analogous definition) for all Canadian Benchmark settings at or after such time to reinstate such previously removed tenor.
- e) Canadian Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Canadian Benchmark Unavailability Period, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Loans, which are of the Type that have a rate of interest determined by reference to the then-current Canadian Benchmark, to be made, converted or continued during any Canadian Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to, (i) for a Canadian Benchmark Unavailability Period in respect of Daily Compounded CORRA Loans, and (ii) for a Canadian Benchmark Unavailability Period in respect of a Canadian Benchmark other than Term CORRA, RBP Loans.
- f) Illegality. If the Bank determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Bank to make, maintain or fund Loans whose interest is determined by reference to Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as applicable, or to determine or charge interest rates based upon Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as applicable, then, on notice thereof by the Bank to the Borrower, any obligation of the Bank to **make or** continue Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, or to convert RBP Loans shall be suspended until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon three (3) Business Days' notice from the Bank, prepay or, if applicable, convert Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, of the Bank to RPB Loans, either on the last day of the Interest Period, if the Bank may lawfully continue to maintain such Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, to such day, or

immediately, if the Bank may not lawfully continue to maintain such Term CORRA Loans or Daily Compounded CORRA Loans, as applicable. The Bank agrees to notify the Borrower in writing promptly upon becoming aware that it is no longer illegal for the Bank to determine or charge interest rates based upon Adjusted Term CORRA or Adjusted Daily Compounded CORRA. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts provided for under the provisions set for herein.

g) Definitions. As used in this Schedule “C”:

“**Canadian Benchmark**” means, initially, the Term CORRA Reference Rate or Daily Compounded CORRA, as the case may be; provided that if a Canadian Benchmark Transition Event has occurred with respect to the Term CORRA Reference Rate, Daily Compounded CORRA, or the then-current Canadian Benchmark, then “Canadian Benchmark” means the applicable Canadian Benchmark Replacement to the extent that such Canadian Benchmark Replacement has replaced such prior benchmark rate pursuant to Section (a) set forth under the heading, “CANADIAN BENCHMARK REPLACEMENT SETTING” in this Schedule “C”.

“**Canadian Benchmark Replacement**” means, with respect to any Canadian Benchmark Transition Event,

(a) where a Canadian Benchmark Transition Event has occurred with respect to Term CORRA Reference Rate or Daily Compounded CORRA; and

(b) where a Canadian Benchmark Transition Event has occurred with respect to a Canadian Benchmark other than the Term CORRA Reference Rate, the sum of: (i) the alternate benchmark rate that has been selected by the Bank and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Canadian Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Canadian Benchmark for Dollar-denominated bilateral credit facilities and (ii) the related Canadian Benchmark Replacement Adjustment.

If the Canadian Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Canadian Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement.

“**Canadian Benchmark Replacement Adjustment**” means, with respect to any replacement of the then-current Canadian Benchmark with an Unadjusted Canadian Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Canadian Benchmark with the applicable Unadjusted Canadian Benchmark Replacement by the Relevant Canadian Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Canadian Benchmark with the applicable Unadjusted Canadian Benchmark Replacement for Dollar-denominated bilateral credit facilities at such time.

“**Canadian Benchmark Replacement Date**” means a date and time determined by the Bank, which date shall be no later than the earliest to occur of the following events with respect to the then-current Canadian Benchmark:

(a) in the case of clause (a) or (b) of the definition of “**Canadian Benchmark Transition Event**,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Canadian Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Canadian Available Tenors of such Canadian Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “**Canadian Benchmark Transition Event**” the first date on which such Canadian Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Canadian Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Canadian Available Tenor of such Canadian Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “**Canadian Benchmark Replacement Date**” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Canadian Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Canadian Available Tenors of such Canadian Benchmark (or the published component used in the calculation thereof).

“**Canadian Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Canadian Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Canadian Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Canadian Available Tenors of such Canadian Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Canadian Available Tenor of such Canadian Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Canadian Benchmark (or the published component used in the calculation thereof), the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Canadian Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Canadian Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Canadian Benchmark (or such component), which states that the administrator of such Canadian Benchmark (or such component) has ceased or will cease to provide all Canadian Available Tenors of such Canadian Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Canadian Available Tenor of such Canadian Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Canadian Benchmark (or the published component used in the calculation thereof) announcing that all Canadian Available Tenors of such Canadian Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “**Canadian Benchmark Transition Event**” will be deemed to have occurred with respect to any Canadian Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Canadian Available Tenor of such Canadian Benchmark (or the published component used in the calculation thereof).

“**Canadian Benchmark Unavailability Period**” means, the period (if any) (a) beginning at the time that a Canadian Benchmark Replacement Date has occurred if, at such time, no Canadian Benchmark Replacement has replaced the then-current Canadian Benchmark for all purposes hereunder in accordance with the provisions set forth under the heading, “CANADIAN BENCHMARK REPLACEMENT SETTING” in this Schedule “C” and (b) ending at the time that a Canadian Benchmark Replacement has replaced the then-current Canadian Benchmark for all purposes hereunder and under any Loan Document in accordance with the provisions set forth under the heading, “CANADIAN BENCHMARK REPLACEMENT SETTING” in this Schedule “C”.

“**Canadian Conforming Changes**” means, with respect to the use or administration of a Canadian Benchmark or the use, administration, adoption or implementation of any Canadian Benchmark

Replacement, any technical, administrative or operational changes (including changes to the definition of “RPB,” the definition of “Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of request for borrowing or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of any breakage costs and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Relevant Canadian Governmental Body” means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

“Unadjusted Canadian Benchmark Replacement” means the applicable Canadian Benchmark Replacement excluding the related Canadian Benchmark Replacement Adjustment.

~~d) any BA issued under a term facility must have a maturity on or before the Maturity Date of the term facility, unless otherwise agreed by the Bank; and~~

~~e) prior to the issue of any BA the Borrower shall execute the Bank’s standard form of undertaking and agreement in respect of BAs. If there is any inconsistency at any time between the terms of this Agreement and the terms of the Bank’s standard form of undertaking and agreement, the terms of this Agreement shall govern.~~

Schedule "E" to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

ADDITIONAL BORROWING CONDITIONS FOR LCS/LGS

LCs:

Borrowings made by way of LCs will be subject to the following terms and conditions:

- a) each LC shall expire on a Business Day and shall have a term of not more than 365 days;
- b) at least 2 Business Days prior to the issue of an LC, the Borrower shall execute a duly authorized application with respect to such LC and each LC and LG shall be governed by the terms and conditions of the relevant application for such contract;
- c) an LC may not be revoked prior to its expiry date unless the consent of the beneficiary of the LC has been obtained;
- d) any LC issued under a term facility must have an expiry date on or before the Maturity Date of the term facility, unless otherwise agreed by the Bank; and
- e) if there is any inconsistency at any time between the terms of this Agreement and the terms of the application for LC, the terms of the application for LC shall govern.

Borrowings made by way of LCs will also be subject to the following reimbursement terms for any draws made under any LC:

Disbursement: All payments under each LC or LG shall be made by the Bank. The Bank shall notify the Borrower promptly following the presentment for payment of any LC or LG, which notice shall include the date (a "**Disbursement Date**") such payment shall be made. Subject to the terms and provisions of such LC or LG, the Bank shall make such payment to the beneficiary (or its designee) of such LC or LG (each, a "**Disbursement**"). In determining whether to make payment under a LC or LG, the Bank shall be responsible only to determine that the documents and certificates required to be delivered under the LC or LG have been delivered and that they comply on their face with the requirements of the LC or LG.

The Borrower hereby agrees to pay or reimburse the Bank for each Disbursement made by it by making payment to the Bank in ~~Can.~~ Canadian Dollars, in immediately available funds, the amount of such Disbursement on the date thereof, with interest on the amount of the Disbursement (to the extent not reimbursed prior to 3:00 p.m. (Toronto time) on the date of such Disbursement), from and including the date paid or disbursed to but excluding the date the Bank is reimbursed therefor, at a rate per annum that shall at all times be equal to the interest rate payable on RBP Loans.

The Borrower's obligation (a "**Reimbursement Obligation**") to reimburse the Bank with respect to each Disbursement shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim, or defence to payment which the Borrower may have or have had against the Bank or any beneficiary of a LC or LG, including, without limitation, any defence based upon the occurrence of any default, any draft, demand or certificate or other document presented under a LC or LG proving to be forged, fraudulent, invalid or insufficient, the failure of any Disbursement to conform to the terms of the applicable LC or LG (if, in the Bank's good faith opinion, acting reasonably, such Disbursement is determined to be appropriate), any non-application or misapplication by the beneficiary of the proceeds of such Disbursement, the legality, validity, form, regularity, or enforceability of such LC or LG or any similar event or circumstance.

Upon the declaration by the Bank that any or all outstanding Borrowings are immediately due and payable or the occurrence of the Maturity Date, an amount equal to each outstanding and undrawn LC and LG shall,

without demand or notice to the Borrower, be deemed to have been paid or disbursed by the Bank under such LC or LG (notwithstanding that such amount may not in fact have been so paid or disbursed), and the Borrower shall be immediately obligated to reimburse the Bank for the amount deemed to have been so paid or disbursed in Cdn. Dollars by the Bank. Any amounts so received by the Bank from the Borrower pursuant to this Section shall be held by it in an interest bearing account (such interest for the account of the Borrower) as collateral security for the repayment of such Borrower's obligations in connection with the LCs or LGs issued by the Bank.

Schedule “~~E~~F” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

COMPLIANCE CERTIFICATE - WCU

I, _____, representing WCU hereby certify as of _____ [insert last day of fiscal quarter]:

1. I am familiar with and have examined the provisions of the Agreement dated August 31, 2018 and any amendments thereto, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada as the Bank (the “**Agreement**”), and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of WCU and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal quarter of WCU, any such event or circumstance will occur.
4.
 - (a) The Funded Debt to Total Capital of the WCU for the fiscal quarter/period ending _____ is _____, being not greater than 0.6:1.
5. The detailed calculations of the foregoing ratios and covenants is/are set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this _____ day of _____, 20____.

WINDSOR CANADA UTILITIES LTD.

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

COMPLIANCE CERTIFICATE - ENWIN

I, _____, representing Enwin hereby certify as of _____ [insert last day of fiscal quarter]:

1. I am familiar with and have examined the provisions of the Agreement dated August 31, 2018 and any amendments thereto, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada as the Bank (the “**Agreement**”), and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Enwin and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal quarter of Enwin, any such event or circumstance will occur.
4.
 - (a) The Funded Debt to Total Capital of the Enwin for the fiscal quarter/period ending _____ is _____, being not greater than 0.6:1.
5. The detailed calculations of the foregoing ratios and covenants is/are set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this _____ day of _____, 20_____.

ENWIN UTILITIES LTD.

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Schedule “**FG**” to the Agreement dated August 31, 2018, between Windsor Canada Utilities Ltd. and Enwin Utilities Ltd., as Borrowers, and Royal Bank of Canada, as the Bank.

AMENDMENT AND RESTATEMENT TERMS

Amendment and Restatement ~~of the Existing Credit Agreements~~

Continuing Obligations. Effective as of the date of this Agreement, the Existing WCU Credit Agreement and Existing Enwin Credit Agreement and the rights, obligations and liabilities of the Borrowers and the Bank shall be amended and restated in accordance with the provisions of this Agreement, and this Agreement shall replace and supersede the Existing WCU Credit Agreement and Existing Enwin Credit Agreement. All amounts owing or outstanding under the Existing WCU Credit Agreement and Existing Enwin Credit Agreement shall be deemed to be outstanding Borrowings and Leases, as the context may require, under this Agreement as of the ~~Closing Date~~date hereof. Without limiting the generality of the foregoing, all outstanding ~~RBAP~~-Loans, ~~BAs~~, -LCs and LGs on the ~~Closing Date~~closing date under the Existing WCU Credit Agreement and Existing Enwin Credit Agreement will be outstanding Borrowings under the Credit Facilities of this Agreement. The terms and conditions of the existing indebtedness shall be amended and restated in accordance with the terms of this Agreement. For clarity, the interest payment and principal payment terms, the loan terms and maturity dates, prepayment penalties, fees and other related provisions established for the Existing Indebtedness under the Existing WCU Credit Agreement and Existing Enwin Credit Agreement shall be amended and restated as set out herein.

Existing Security Documents. The Borrowers and the Bank agree, acknowledge and confirm that the existing security documents previously delivered by each Borrower to the Bank shall continue in full force and effect, unamended, except as may be provided herein, and the security interests constituted thereby shall stand as general and continuing collateral security for the payment and performance of the outstanding Borrowings and Leases.

No Novation. This Agreement is and shall for all purposes be deemed to be an amendment and restatement of the provisions of the Existing WCU Credit Agreement and Existing Enwin Credit Agreement. While this Agreement will supersede the Existing WCU Credit Agreement and Existing Enwin Credit Agreement insofar as it constitutes the entire agreement between the parties concerning the subject matter of this Agreement, this Agreement merely amends and restates the Existing WCU Credit Agreement and Existing Enwin Credit Agreement and does not constitute or result in (i) a novation or rescission of the Existing WCU Credit Agreement and Existing Enwin Credit Agreement, the existing security documents or any other loan document, or (ii) a repayment or re-borrowing of any existing indebtedness.

Reservation of Rights. The Bank reserves all of its rights and remedies at any time and from time to time in connection with any and all breaches or defaults now existing under the Existing WCU Credit Agreement and Existing Enwin Credit Agreement, or any other agreement delivered to the Bank by any Borrower, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breaches or defaults.

~~12129833.3~~

[] Bank Address: ●

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Reference:

Ref 1: MAADs Application, p.28

Preamble:

The Applicant states that pro forma financial statements for the new ENWIN Utilities Ltd. will be provided as part of the phase 2 application.

Question:

- a) Please provide estimates of the pro forma financial statement for the new ENWIN Utilities Ltd.
 - b) Please explain how projections in the pro forma financial statements are derived.
-

Response:

- a) and b)

Please see OEB Staff-3-Attachment 1 for estimated pro forma financial statements for the new ENWIN Utilities Ltd. Please note that these financial statements are preliminary estimates, considering that the current transaction to purchase E.L.K. has not yet closed, and the proposed phased approach to the transaction contemplates E.L.K. and ENWIN separately rebasing in 2027 and 2028 prior to potentially amalgamating in 2029. Thus, the financial statements 4 years into the future will be influenced by a number of items and outcomes that have yet to be determined.

The assumptions used in preparing these pro forma financial statements are as follows:

- ENWIN
 - Utilized latest internal financial forecasts - 2025 budget year as base
 - 3-year bottom-up forecast for 2025 – 2027, then general inflationary increase at 2% thereafter
 - Assumes 2028 rebasing
- E.L.K.

- Used 2024 Actual Financial Statements as base
 - Assumed annual growth in rate base and general annual inflationary growth in OM&A, net of modest synergies
 - Assumed 2027 rebasing
- New ENWIN Utilities Ltd. - 2029 Amalgamated
 - Projected 2029 Financial Statements of ENWIN and E.L.K. added together
 - Phase 2 synergy / transition costs incorporated

OEB Staff-3 – Attachment 1

New Amalgamated ENWIN ¹	
Balance Sheet (\$ millions)	
	Amalgamated 2029
Current Assets	\$ 42.4
Non-current assets	376.0
Regulatory balances ²	6.0
	\$ 424.4
Current Liabilities	\$ 58.9
Non-current liabilities	207.4
Regulatory balances ²	6.0
Equity	152.1
	\$ 424.4
Income Statement (\$ millions)	
Revenue - sale of energy	\$ 280.0
Revenue - dist	65.5
Revenue - other	4.8
	\$ 350.3
Cost of Power	275.0
OM&A	42.8
Depreciation	16.3
Finance expense	4.6
Income taxes	3.1
Net Income	\$ 8.5

¹ amounts are estimated for illustrative purposes only.
More detailed projections will be conducted at a
later date when full analysis and experience
can be obtained.

² ENWIN will adopt the new IFRS 14 once released
by the IASB. This will likely result in adjustments to
regulatory balances and likely equity as well.

OEB Staff - 4

Reference:

Ref 1: MAADs Application, p.28

Preamble:

The Application states that ENWIN Utilities and E.L.K. Energy are scheduled to file their cost of service rebasing application for rates effective January 1, 2028, and May 1, 2027, respectively. Both utilities intend to file such applications as scheduled and prior to the Phase 2 Transaction.

Question:

- a) Please comment on whether and how the rebasing applications for ENWIN Utilities and E.L.K. Energy following Phase 1 will account for the savings projected in Phase 2?
- b) Please confirm that E.L.K. Energy intends to file its cost of service for May 1, 2027 rates by August, 2026?
- c) Please comment on the pros and cons of the following indicative scenarios, and on whether such scenarios were considered by the Applicant and why they were not pursued:
 1. Earlier E.L.K. Energy rebasing, all consolidation requests made in a single application
 - E.L.K. Energy rebases sooner rather than later
 - The consolidation involves one application.
 2. Merge first, rebase later
 - E.L.K. Energy and ENWIN Utilities merge (i.e. to form "ENWIN Utilities Ltd.")
 - ENWIN Utilities Ltd. does early rebasing
 - The consolidation involves one application.

Response:

- a) The rebasing applications for ENWIN and E.L.K. will reflect the costs to serve each utility's customers for the applicable test years. Any Phase 2 savings will be

reflected in the revenue requirement of the combined utility upon rebasing consistent with OEB policy.

- b) Confirmed.
- c) The Applicants have outlined in evidence their proposed approach and rationale for the phased transaction, inclusive of the present application, the separate rebasing of E.L.K. and ENWIN, the eventual amalgamation of the utilities into a single entity. This prudent, phased approach allows for the purchase to proceed, the independent setting of rates in fulsome proceedings for each existing service territory, followed by eventually amalgamating the utilities.

The commercial transaction that gave rise to the present application was successfully negotiated between the buyer (WCUL) and seller (The Corporation of the Town of Essex), reflecting their respective interests, and in the case of the buyer, the intent to proceed thereafter on the basis of the phased regulatory approach contemplated in the Application and summarized above. The rebasing approach is an integral and non-severable component of the overall transaction.

Pursuant to the OEB's MAADs Handbook, it is not the OEB's role to determine whether another transaction, whether real or potential, can have a more positive effect than the transaction that has been placed before the OEB. The OEB will not consider whether a purchasing, selling, or amalgamating utility could have achieved a better transaction than that being put forward for approval in the application.

Therefore, it is not clear the relevance of the question on hypothetical, alternative approaches that are not before the OEB. However, in an effort to be responsive, the Applicants have provided commentary on the hypothetical scenarios proposed in the question below:

1. Earlier E.L.K. Energy rebasing, all consolidation requests made in a single application
 - E.L.K. Energy rebases sooner rather than later
 - The consolidation involves one application.

Commentary:

- This approach is not tenable.

- E.L.K. is scheduled to rebase for rates effective May 1, 2027 – the filing will be due August 2026, approximately one year from today. This is the earliest a complete and comprehensive application could be filed with focused preparations beginning today – it is not possible to file an application to rebase E.L.K. on a more accelerated timeline.
 - ENWIN is scheduled to rebase for rates effective January 1, 2028, following a 3-year deferral – the filing will be due April 2027, approximately 8 months after the E.L.K. filing. ENWIN cannot file to rebase any sooner, as such an earlier application would be due to be filed by April 2026 for rates effective January 1, 2027, which would not be possible to prepare from a workload perspective in such a short length of time. ENWIN is also in the midst of a 3-year deferral period, and it has not hit any off-ramps that would necessitate an early rebasing during its requested deferral period.
 - The consolidation request will be made in a single application, currently tentatively planned to be filed in 2028.
2. Merge first, rebase later
- E.L.K. Energy and ENWIN Utilities merge (i.e. to form “ENWIN Utilities Ltd.”)
 - ENWIN Utilities Ltd. does early rebasing
 - The consolidation involves one application.

Commentary:

- This approach is not tenable.
- There is an urgent need to rebase E.L.K. rates – this is the first and most pressing step to complete upon the OEB approving the purchase to proceed in the present Application. The need for E.L.K. to complete rebasing is apparent regardless of the present Application based on its recent financial performance.
- Merging first would perpetuate the existing viability challenges at E.L.K. for an extended period, as the timeline needed to prepare the first complete and comprehensive Cost of Service application for the amalgamated entity would be much more extensive than preparing a Cost of Service for a single, existing utility. Substantial planning and integration activities would need to occur prior to being able to file a well-substantiated application in the manner the OEB expects - many utilities elect to wait up to 10 years to prepare such an application following an amalgamation.

- The consolidation request will be made in a single application, currently tentatively planned to be filed in 2028.

Therefore, the Applicants believe the proposed, phased approach is the only realistic and suitable option to achieve the needed outcomes. There is also precedent for this phased approach occurring in EB-2019-0015.

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Reference:

Ref 1: MAADs Application, p.23

Preamble:

The Application states, “the E.L.K. Energy electrical system will be displayed, managed, and operated from the ENWIN Utilities 24/7/365 Control Room, an element of operation that is currently lacking at E.L.K. Energy. This change will aid in the optimization of power distribution, the issuance of work, and work protection and improve the overall operation and safety of the grid in normal and outage event situations.”

Question:

- a) Will there be a reduction in the number of E.L.K. Energy system operators during Phase 1? If yes, please explain and comment on implications for E.L.K. Energy reliability.
 - b) Will there be a reduction in the number of E.L.K. Energy front line operations staff that currently respond to outages and power quality issues during Phase 1? If yes, please explain and comment on implications for E.L.K. Energy service levels and quality standards (e.g. such as response times).
 - c) Please explain the implications on E.L.K. Energy’s DSP and capital plan in its next rebasing application resulting from these measures.
-

Response:

- a) E.L.K. does not currently have a control room. As such, there are no plans for a reduction in the number of E.L.K. system operators during Phase 1, and thus no expected impacts on E.L.K. reliability.
- b) There are no plans for a reduction in the number of E.L.K. front line operations staff during Phase 1, and thus no expected impacts on E.L.K. service levels and quality standards.
- c) Detailed planning for E.L.K.’s next DSP and capital plan has not yet been completed. These matters will be the subject of a future proceeding. However, it

is envisioned that any system enhancements and automation investments to facilitate the 24/7/365 Control Room operations will be encompassed in the plans contained in E.L.K.'s 2027 Cost of Service rate application.

OEB Staff - 6

Reference:

Ref 1: MAADs Application, p.15

Ref 2: MAADs Application, p.28

Preamble:

At reference 1, the Application states, "The aggregate purchase price for WCUL to acquire the Purchased Shares from the Seller is set out in section 2.2 of the Purchase and Sale Agreement, subject to applicable closing and post-closing adjustments (the "Purchase Price"). The closing of the acquisition of the Purchased Shares is conditional upon the receipt of all required approvals, including the OEB's approval of this Application."

At reference 2, the Application states, "The purchase price valuation will be based on a future E.L.K. Energy rate base which will be agreed upon by both the buyer and the seller as per the Purchase and Sale Agreement."

Question:

- a) Please explain the required approvals other than the OEB approval of this Application.
 - b) Please clarify when the transaction will close following receipt of the approvals noted above.
 - c) Please provide the estimated purchase price and include details on how the E.L.K. Energy rate base was forecasted.
-

Response:

- a) At this stage in the process, other than obtaining OEB approval of this Application, no further approvals are required.
- b) The Closing Date of the transaction is defined in the Purchase and Sale Agreement and is contingent upon closing conditions being met or waived by the parties. The Applicants expect to close the transaction within 60 days after

receipt of OEB approval of this Application, but no later than the Termination Date as defined in the Purchase and Sale Agreement.

c) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Reference:

Ref 1: MAADs Application, p.27

Ref 2: MAADs Handbook, Schedule 2 –Information required of Applicants, p. 10

Preamble:

As per the MAADs handbook,

“Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g. legal, regulatory), incremental merged costs (e.g. employee severances), and incremental on-going costs (e.g. purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs.”

At reference 1, the Application states, “The integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 Transaction. As always, there will be timing differences between expense outlays and their recovery.”

Question:

- a) Please provide forecasts for all integration costs associated with the proposed transaction broken down by category (e.g., legal, regulatory).
 - b) Please provide forecasts of the anticipated productivity savings.
-

Response:

- a) During Phase 1, E.L.K. and ENWIN are expected to operate as independent, stand-alone entities. However, it is expected that there may be some integration costs incurred as part of the transition - the exact quantum of transition costs are unknown at this time. It is expected these costs incurred will be related to transition planning / execution; IT; communications and workforce training.

It is anticipated that many of these transition costs will be incurred during 2026, which is E.L.K.'s bridge year and should not impact the costs used for developing E.L.K.'s 2027 Cost of Service rate application, and thus will not be reflected in

rates. Costs incurred by ENWIN or WCUL should also likewise not be reflected in rates or borne by ratepayers.

A full review is planned related to needed near-term transition steps and activities, which is expected to be conducted in Q4 2025 upon closing.

Other processes and practices will remain unchanged in the near term until the future amalgamation of the two entities after Phase 2.

- b) There are modest productivity savings relative to the status quo anticipated with this transaction. The productivity savings that will exist relative to the status quo are related to not fully financing senior executive positions at E.L.K., such as their vacant CEO and CFO positions, which are not intended to be backfilled. The responsibilities of those positions are anticipated to be held at ENWIN and cost allocations will be used to apply a portion of the costs to E.L.K. The exact allocations of those costs are unknown at this time, however, it is anticipated that these costs will be less than the previous expenses included in E.L.K. OM&A, leading to modest productivity savings.

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Reference:

Ref 1: EB-2024-0015

Preamble:

OEB staff notes that E.L.K. Energy has filed an IRM application (EB-2024-0015) for May 1, 2025 distribution rates.

Question:

- a) Please explain the implications of the outstanding issues in the IRM proceeding on the current transaction?
-

Response:

- a) E.L.K.'s 2025 IRM application is still before the OEB. WCUL must await the issuance of the final decision in EB-2024-0015 to be able to review it and evaluate next steps and the impacts on the current transaction, if any.

[REDACTED]

[REDACTED]

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Reference:

Ref 1: MAADs Application, Table 8, p.24

Preamble:

The Applicant has provided the table below to demonstrate difference in revenue requirement at status quo and post phase 2 MAADs.

Revenue Requirement - No Transaction										
(dollars in thousands)	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM	IRM
E.L.K. Energy	\$ 3,983	\$ 4,063	\$ 5,485	\$ 5,594	\$ 5,706	\$ 5,820	\$ 5,937	\$ 7,124	\$ 7,267	\$ 7,412
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM
ENWIN Utilities	\$ 58,864	\$ 59,952	\$ 61,089	\$ 62,922	\$ 64,180	\$ 65,464	\$ 66,773	\$ 68,108	\$ 70,152	\$ 71,555
No Transaction Total	\$ 62,847	\$ 64,015	\$ 66,574	\$ 68,516	\$ 69,886	\$ 71,284	\$ 72,710	\$ 75,232	\$ 77,418	\$ 78,967
Revenue Requirement - Phase 1 and Phase 2 Transaction				Year 4 - 2028						
(dollars in thousands)	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM						
E.L.K. Energy	\$ 3,983	\$ 4,063	\$ 5,485	\$ 5,594						
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	IRM	IRM
ENWIN Utilities	\$ 58,864	\$ 59,952	\$ 61,089	\$ 62,922	\$ 69,886	\$ 71,284	\$ 72,710	\$ 74,184	\$ 75,647	\$ 77,160
Synergies		-25	-50	-50	-100	-125	-150	-200	-205	-210
Phase 1/2 Transaction Total	\$ 62,847	\$ 63,990	\$ 66,524	\$ 68,466	\$ 69,786	\$ 71,159	\$ 72,560	\$ 73,964	\$ 75,442	\$ 76,950
Difference	\$ -	\$ 25	\$ 50	\$ 50	\$ 100	\$ 125	\$ 150	\$ 1,269	\$ 1,976	\$ 2,016

Question:

- Please provide a breakdown of the OM&A cost savings indicating which are attributable to the following categories: administrative, governance, information technology, regulatory, finance, legal or other (please specify).
- Please explain all material assumptions that the Applicants have made with respect to the forecasted OM&A cost savings.
- Please provide a breakdown for capital savings.
- Please explain why the difference in revenue requirement is greater than the synergies achieved.

Response:

a) and b)

As noted in evidence at p. 24, the Table 8 calculations were prepared at a high-level to support and contrast directionally the revenue requirements of E.L.K. and ENWIN under two scenarios: 1) The proposed transaction does not occur; 2) The proposed transaction does occur. Table 8 was prepared on a preliminary forecast basis, as further detailed planning has not yet taken place to precisely identify the individual components of the future revenue requirements of each utility, and the Applicants cannot forecast with certainty the outcomes of upcoming rebasing applications to precisely identify what efficiencies may materialize.

However, Table 8 demonstrates that modest synergies are expected relative to a status quo (no transaction) scenario, and the combined revenue requirement is expected to be lower than it otherwise would have been absent the proposed transaction.

Given the proposed two-phase transaction structure, a detailed calculation of the future revenue requirements of both E.L.K. and ENWIN will be able to reviewed in detail in upcoming rebasing applications for each utility.

The following assumptions were used in preparing Table 8:

E.L.K. – No Transaction

- Revenue Requirement based on 2022 Board-approved, inflated at 2% annually for IRM years
- 2027 Cost of Service year assumes stepped increase in revenue requirement, reflecting growth in rate base and increased operating costs experienced since 2022
- 2032 Cost of Service year assumes stepped increase in revenue requirement, reflecting growth in rate base relative to 2027

ENWIN – No Transaction

- Revenue Requirement based on most recent budget, inflating at approximately 2% annually for IRM years
- 2028 and 2033 Cost of Service years assumes slightly larger increase in revenue requirement, reflecting growth in rate base relative to last Board-approved

Synergies

- Phase 1 Synergies - Estimated annual savings due to elimination of unfilled executive vacancies at E.L.K. (Administrative / Governance)

- Phase 2 Synergies – Modest additional savings projected post-consolidation as further centralization and rationalization of functions can materialize. Detailed planning for Phase 2 has not yet been completed and will be the subject of a future proceeding. See response to SEC – 4 for further details.
- c) No capital savings have been forecast compared to the status quo scenario at this point in time. The utilities intend to operate as separate entities with independent DSPs over the short to medium term. Any future capital savings that do arise will be encompassed within the capital expenditure forecasts and DSPs as part of future rate applications.
- d) Over the 2032 to 2034 period, the revenue requirement difference is greater than the O&M savings due to the impact of deferred rebasing that would have otherwise occurred in 2032 (for E.L.K.) and 2033 (for ENWIN) absent the intended amalgamation. This deferral of rate base growth into the revenue requirement reduces the combined revenue requirement compared to a status quo “no transaction” scenario, and is an additional benefit to customers.

OEB Staff - 10

Reference:

Ref 1: MAADs Application, p.29

Ref 2: EB-2024-0015, E.L.K. Energy 2025 IRM, p 5

Preamble:

The Applicant proposes to continue to maintain separate reporting and record keeping, rate applications and tracking of deferral and variance accounts.

On June 16, 2025, E.L.K. Energy filed a letter with the OEB proposing the bifurcation of its 2025 IRM proceeding to separate Accounts 1588 and 1589, as it was unable to reconcile the discrepancies in Accounts 1588 and 1589 related to the cost of power underbilling. E.L.K. Energy committed to providing the OEB with an update on this matter on, or before, July 31, 2025.

Question:

- a) E.L.K. Energy has had historical delays in rate applications concerning the disposition of its Group 1 accounts including Account 1588 – RSVA – Power and Account 1589 – RSVA – Global Adjustment. Please confirm the status of any unresolved issues and if there are any unapproved or unreconciled balances.
 - a. Please confirm how resolution or non-resolution of such matters may impact the proposed transaction.

Response:

- a) This matter is presently before the OEB in proceeding EB-2024-0015. E.L.K. committed to provide the OEB with an update on this matter on, or before, July 31, 2025. It would be premature to provide an update in advance of this in the current proceeding.
 - a. Please see the responses to OEB Staff-6 c) and OEB Staff-8.

OEB Staff - 11

Question:

- a) Please describe any material differences in accounting or deferral and variance account treatment between E.L.K. Energy and ENWIN including, but not limited to: capitalization policies, IFRS transition dates and interest or carrying charge methodology
 - a. Please explain any impacts on future consolidated reporting.
-

Response:

- a) There is a difference between how ENWIN and E.L.K. recognize regulatory balances within their audited IFRS financial statements. ENWIN early-adopted IFRS and did not have the option to elect to recognize regulatory balances on the balance sheet. E.L.K. adopted IFRS later and is therefore able to recognize those regulatory balances on the balance sheet. This will not create an issue in the short term as both entities will continue to report separately until post amalgamation.

From a regulatory or modified IFRS (MIFRS) perspective, both entities are subject to the same set of OEB APH guidelines and this transaction is not anticipated to create any changes to regulatory filings, including the 2.1.7 OEB Trial Balance. Interest rates used for carrying charges will comply with OEB published rates.

A full accounting procedures review will be encompassed as part of future integration planning activities and any changes outlined in the future amalgamation application.

OEB Staff - 12

Question:

- a) Please confirm the regulatory accounting basis used for pension and OPEB expenses for E.L.K. Energy and ENWIN, i.e. accrual vs. cash basis.
 - a. If the accounting basis differs between the two, please explain how the Applicant intends to harmonize these practices post-merger.
-

Response:

- a) Both E.L.K. and ENWIN report pension and OPEB expenses on an accrual basis. Thus, no future plans to harmonize are required.

SEC - 1

Reference:

Application p. 17

Question:

Please provide a similar Regulated Return on Equity chart for Enwin.

Response:

Please see the requested table below.

Regulated Return on Equity (%)						
		2020	2021	2022	2023	2024
Deemed (%)	ENWIN	8.52%	8.52%	8.52%	8.52%	8.52%
Achieved (%)	Utilities Ltd.	5.25%	9.38%	10.78%	9.75%	10.33%

SEC - 2

Reference:

Application p. 18

Question:

Please explain why the combination of ELK and Enwin does not achieve the result of restoring “financial and operational viability of the utility moving forward”.

Response:

The present Application will allow the framework for the financial and operational viability of E.L.K. to be addressed moving forward, as it is the first step in the proposed two-phase transaction:

- Phase 1) The present Application for WCUL to acquire the shares of E.L.K., followed by the separate rebasings of E.L.K. and ENWIN
- Phase 2) Following the separate rebasings, the eventual amalgamation of E.L.K. with ENWIN

The E.L.K. rebasing application is of particular importance given their recent financial performance and the need for rates to be reset to encompass the ongoing operational costs of the utility. It is an integral part of the proposed approach to the transaction.

Thereafter, the eventual combination of E.L.K. and ENWIN will allow the financial and operational viability of the utility to be maintained.

SEC - 3

Reference:

Application p. 18

Question:

Please explain why the Applicants are proposing to file a five year DSP when at the same time requesting a ten year deferred rebasing period.

Response:

The Applicants are not requesting a ten-year deferred rebasing period.

The Applicants intend to file separate Cost of Service rate applications for E.L.K. (rates effective May 1, 2027) and ENWIN (rates effective January 1, 2028) under OEB's 5-year Price Cap IR rate setting framework, which will encompass Distribution System Plans for a standard 5-year forecast period for each utility, starting with the test year, pursuant to Chapter 5 of the OEB Filing Requirements.

As stated in evidence at p.7, a deferred rebasing period may be proposed as part of the eventual Phase 2 Application to amalgamate the utilities, however any deferred rebasing period in Phase 2 will not have the effect of going beyond 10 years from the date this present Application is approved (i.e. if the present Application were approved in 2025, any eventual deferral period for the combined utilities would not go beyond 2035).

SEC - 4

Reference:

Application p. 23

Question:

Please describe what other benefits are expected to arise in Phase 2 in addition to those described for Phase 1.

Response:

Detailed planning has not yet been undertaken for Phase 2 of the transaction, given this is many years in the future. These matters will be the subject of a future Phase 2 application, which would currently be targeted to be filed in 2028.

However, on a preliminary basis, it is envisioned that upon amalgamation of the utilities, additional opportunities may arise to build off the benefits conferred in Phase 1, such as further centralization and rationalization of certain functions and activities, and additional economies of scale. This includes benefits associated with operating as a single entity under a common corporate structure, creating the potential for some efficiencies in governance / oversight costs, and reduced corporate costs resultant from removing some of the need to maintain separate records and reporting requirements for independent entities.

Customers will also continue to benefit from the outcomes of Phase 1, in addition to being served by a single, larger utility with a strong brand and reputation in the community upon the completion of Phase 2.

SEC - 5

Reference:

Application p. 24

Question:

Please provide the backup calculations and analysis supporting Table 8. Please include explanations supporting the estimates of exactly 35% revenue increase in 2027 and exactly 20% revenue increase in 2032 for ELK.

Response:

Please see response to OEB Staff – 9.

SEC - 6

Reference:

Application p. 25

Question:

Please describe the tax implications, if any, on the Applicants or Enwin arising out of the change of control.

Response:

The normal tax rules relating to an acquisition of control are applicable for E.L.K. when the entity's control changes. While there are some items to consider, the impacts are not expected to be material.

The first item is that a deemed year end for E.L.K. would be triggered on the closing date which would require a separate tax filing. Accounting treatments such as ensuring inventory is marked down to the lower of cost or fair market value at the deemed year end, and general reserves for doubtful accounts not being allowed at the deemed year end, would have to be considered in the final tax return.

The second impact is approximately \$3,500 in net capital losses existing currently which are not eligible to be carried forward.

Other than these known items, there are not other significant tax considerations believed to exist for either WCUL or ENWIN.

SEC - 7

Reference:

Enwin Financials, p. 31

Question:

Please file the most recent financials of WCUL.

Response:

Please see SEC - 7 – Attachment 1.

Consolidated Financial Statements of

WINDSOR CANADA UTILITIES LTD.

And Independent Auditors' Report thereon

Year Ended December 31, 2024

**KPMG LLP**

618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8
Canada
Telephone 519 251 3500
Fax 519 251 3530

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Windsor Canada Utilities Ltd.

Opinion

We have audited the consolidated financial statements of Windsor Canada Utilities Ltd. (the Entity), which comprise:

- the consolidated balance sheet as at December 31, 2024
- the consolidated statement of income for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

April 23, 2025

WINDSOR CANADA UTILITIES LTD.

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Year ended December 31, 2024

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WINDSOR CANADA UTILITIES LTD.

Consolidated Balance Sheet
(In thousands of Canadian dollars)

December 31, 2024, with comparative information for 2023

	Notes	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 16,073	\$ 22,234
Investments	9	-	3,532
Accounts receivable	5	57,519	48,908
Due from related parties	23	3,926	5,007
Inventory	6	8,191	8,828
Other assets		1,989	1,786
		87,698	90,295
Non-current assets:			
Property, plant and equipment	7	273,747	261,513
Intangible assets	8	1,402	1,228
Investment, sinking fund	9	19,568	16,601
Investment in joint ventures	24	233	216
Due from related parties - debenture	23	52,000	52,000
Deferred income taxes	16	1,387	2,678
		348,337	334,236
Total assets		\$ 436,035	\$ 424,531
Liabilities			
Current liabilities:			
Accounts payable and accruals	10	\$ 31,912	\$ 30,119
Payments in lieu of income taxes payable	16	2,749	1,081
Due to related parties	23	10,787	9,391
Current portion of customer deposits	11	1,591	1,107
Deferred revenue		-	4,118
		47,039	45,816
Non-current liabilities:			
Customer deposits	11	7,155	6,172
Deferred revenue - customer contributions	12	21,109	19,375
Long-term debt	13	102,558	102,542
Employee future benefits	14	48,876	48,299
		179,698	176,388
Total liabilities		226,737	222,204
Equity			
Common shares	17	81,842	81,842
Contributed surplus		516	516
Retained earnings		111,965	105,196
Accumulated other comprehensive income		14,975	14,773
		209,298	202,327
Commitments and contingencies	26		
Total liabilities and equity		\$ 436,035	\$ 424,531

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, 2024, with comparative information for 2023

	Notes	2024	2023
Revenue from sale of electricity:			
Sale of electricity		\$ 252,515	\$ 223,670
Distribution revenue	18	56,378	53,314
		308,893	276,984
Cost of electricity purchased		253,409	227,931
Gross profit		55,484	49,053
Other revenue:			
Services provided to Windsor Utilities Commission	23	20,752	20,745
Other income	19	6,487	4,876
		27,239	25,621
Operating expenses:			
Operating and distribution expenses	20	36,878	37,091
Billing, collecting and administrative expenses	20	19,814	15,764
Depreciation and amortization	7, 8	12,603	11,971
		69,295	64,826
Income from operating activities		13,428	9,848
Finance (income) expense:			
Finance income	21	(5,697)	(5,747)
Finance expense	21	4,468	4,721
		(1,229)	(1,026)
Income before tax		14,657	10,874
Income taxes:			
Provision for payments in lieu of corporate taxes	16	2,671	1,721
Deferred income taxes	16	1,217	1,016
		3,888	2,737
Income for the year		\$ 10,769	\$ 8,137

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, 2024, with comparative information for 2023

	Notes	2024	2023
Income for the year		\$ 10,769	\$ 8,137
Other comprehensive income (loss):			
Items that will not be reclassified to the statement of income:			
Remeasurement of employee future benefits income (loss)	14	275	(3,651)
Related tax	16	(73)	967
Other comprehensive income (loss)		202	(2,684)
Total comprehensive income for the year		\$ 10,971	\$ 5,453

The accompanying notes are an integral part of these consolidated financial statements.

WINDSOR CANADA UTILITIES LTD.

Consolidated Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2024, with comparative information for 2023

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2023	\$ 81,842	\$ 516	\$ 101,059	\$ 17,457	\$ 200,874
Income for the year	-	-	8,137	-	8,137
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive loss	-	-	-	(2,684)	(2,684)
Balance at December 31, 2023	\$ 81,842	\$ 516	\$ 105,196	\$ 14,773	\$ 202,327
Income for the year	-	-	10,769	-	10,769
Dividends declared	-	-	(4,000)	-	(4,000)
Other comprehensive income	-	-	-	202	202
Balance at December 31, 2024	\$ 81,842	\$ 516	\$ 111,965	\$ 14,975	\$ 209,298

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, 2024, with comparative information for 2023

	Notes	2024	2023
Operating activities:			
Total comprehensive income for the year		\$ 10,971	\$ 5,453
Adjustments for:			
Depreciation and amortization	7,8	12,603	11,971
Amortization of deferred revenue customer contributions		(565)	(549)
Remeasurement of employee future benefits	14	(275)	3,651
Gain on investments	9	(1,975)	(2,431)
Loss on sale of property, plant and equipment	19	670	1,507
Amortization of debt issuance costs		16	16
Share in joint venture's net (income) loss		(17)	41
Income tax expense	16	2,671	1,721
Changes in non-cash operating working capital	22	(5,281)	(2,443)
Interest paid		(4,452)	(4,705)
Interest received		5,697	5,747
Income taxes paid		(1,382)	(1,122)
		18,681	18,857
Investing activities:			
Acquisition of property, plant, equipment and intangible assets	7, 8	(26,498)	(22,938)
Acquisition of investments	9	(1,200)	(1,200)
Investment in joint venture	24	-	(100)
Deferred revenue - customer contributions		2,526	690
Proceeds from investment		3,740	11,661
Proceeds on sale of property, plant & equipment		590	866
		(20,842)	(11,021)
Financing activities:			
Dividends paid		(4,000)	(4,000)
		(4,000)	(4,000)
Net change in cash and cash equivalents		(6,161)	3,836
Cash and cash equivalents at January 1		22,234	18,398
Cash and cash equivalents at December 31		\$ 16,073	\$ 22,234

The accompanying notes are an integral part of these consolidated financial statements.

WINDSOR CANADA UTILITIES LTD.

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(in thousands of Canadian dollars)

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WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

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 (the “City”). WCUL was incorporated in December of 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 4545 Rhodes Drive, 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. WCUL, through its wholly-owned subsidiary, EWE, is also responsible for the provision of street lighting maintenance services to the City and sentinel lighting to the businesses of 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. The services include: management, administrative services, construction operations, and maintenance services. EWU is responsible for providing all personnel required to operate the water system. 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.

Through its wholly-owned subsidiary, EWE, the Corporation has joint venture investments in ONtech Rapid Coatings Inc. (“ONtech”) and Enertrace Services Ltd. (“Enertrace”), which are accounted for using the equity method. EWE is also the sole shareholder of ENWIN Financial Services which was renamed in December 2024 to WaveDirect Telecommunications Corporation. WaveDirect Telecommunications Corporation had no activity to report in 2024.

The Corporation’s arrangements with its subsidiaries, the Commission and the City are subject to the Ontario Energy Board’s (“OEB”) Affiliate Relationships Code, which is a code prescribed by and issued pursuant to the Ontario Energy Board Act, 1998.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting 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 23, 2025.

(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, 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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

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 3(i) – Deferred revenue: determination of the performance obligation for contributions from customers and the related amortization period;
- (ii) Note 5 – Trade accounts receivables: allowance for impairment. Unbilled revenue: measurement of revenues not yet billed;
- (iii) Note 7 – Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment;
- (iv) Note 14 – Employee future benefits: measurement of the defined benefit obligation;
- (v) Note 25 – 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:

EWU is regulated by the OEB, under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity customers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDC"), such as EWU, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

2. Basis of preparation (continued):

(f) Rate regulation (continued):

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.

(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:

When EWU files a "Cost of Service" ("COS") rate application, the OEB establishes the revenues required to recover the forecasted operating costs, including amortization and income taxes, of providing the regulated electricity distribution service and providing a fair return on EWU's rate base. EWU estimates electricity usage and the costs to service each customer class in order to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and any registered intervenors. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review. On April 26, 2019, EWU submitted a COS application to the OEB to change distribution rates effective January 1, 2020. The application was approved by the OEB on December 5, 2019.

In the intervening years between a COS, an Incentive Regulation Mechanism ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand net of a productivity factor set by the OEB and a stretch factor determined by the relative efficiency of an electricity distributor. On August 17, 2023, EWU submitted an IRM application to the OEB to change distribution rates effective January 1, 2024. The application was approved by the OEB on December 14, 2023.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies:

The Corporation has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(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: amortized cost, fair value through other comprehensive income, or fair value through income or loss.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Investments	Fair value through income or loss
Accounts payable and accruals	Amortized cost
Due to related parties	Amortized cost
Long-term debt	Amortized cost

Financial instruments are recognized initially at amortized cost plus any directly attributable transaction costs.

Subsequent to initial recognition, financial instruments classified as fair value through income and loss are measured at fair value. The Corporation does not use derivative instruments.

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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material 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).

(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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(e) Property, plant and equipment (continued):

(iii) Depreciation:

Depreciation is recognized in the consolidated 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 – 20 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:

Computer software	5 – 10 years
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Amortization methods and useful lives are reviewed at each reporting date.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(g) 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.

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

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.

(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

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(g) Impairment (continued):

(ii) Non-financial assets (continued):

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.

(h) 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, 2024, the OMERS plan is in a deficit position.

(ii) Employee future benefits:

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.

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

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(h) Employee future benefits (continued):

(ii) Employee future benefits (continued):

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.

(i) Deferred revenue:

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. These contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

(j) 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

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(j) Customer deposits (continued):

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.

(k) Revenue recognition:

IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that EWU has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Revenue for EWU is recognized when EWU satisfies the performance obligations within the contract(s) for conditions of service, which is when the distribution and delivery of electricity is achieved or specific services are performed.

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.

Street lighting maintenance revenue – EWE has a contract with the City to provide maintenance of the street lighting system. This contract includes replacing damaged or non-functioning street lighting. Revenue is recognized when the services have been performed. There is also a fixed component to the contract that is recognized evenly throughout the year.

Sentinel lighting revenue – EWE provides sentinel lighting equipment to customers. A monthly rental charge is earned by EWE for the use of the sentinel light equipment.

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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(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 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 Ontario Electricity Financial Corporation. 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.

(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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(o) New standards and interpretations not yet adopted:

The following standards which are not yet effective for the year ended December 31, 2023, have not been applied in preparing these consolidated financial statements.

Lack of exchangeability – Amendments to IAS 21

On August 15, 2023, the IASB issued amendments to IAS 21. *The Effects of Changes in Foreign Exchange Rates* to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.

The amendments apply for annual reporting periods beginning on or after January 1, 2025.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9 *Financial Instruments*. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. The IASB has also amended IFRS 7 *Financial Instruments – Disclosures*. Companies will now be required to provide additional disclosures on financial assets and financial liabilities that have certain contingent features.

The amendments apply for annual reporting periods beginning on or after January 1, 2026.

Improvements to IFRS Accounting Standards – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7

On July 18, 2024, the IASB issued minor amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards.

These amendments, published in a single document *Annual Improvements to IFRS Accounting Standards – Volume 11*, include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

These amendments apply for annual reporting periods beginning on or after January 1, 2026.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

3. Material accounting policies (continued):

(o) New standards and interpretations not yet adopted (continued):

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

On December 18, 2024, the IASB issued targeted amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements.

The amendments apply for annual reporting periods beginning on or after January 1, 2026.

Presentation and Disclosure in Financial Statements – New Standard (IFRS 18)

On April 9, 2024, the IASB issued a new standard IFRS 18, *Presentation and Disclosure in Financial Statements*. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

The amendments apply for annual reporting periods beginning on or after January 1, 2027.

Subsidiaries without Public Accountability – New Standard (IFRS 19)

On May 9, 2024, the IASB issued a new standard IFRS 19 *Subsidiaries without Public Accountability: Disclosures* which permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.

The amendments apply for annual reporting periods beginning on or after January 1, 2027.

The Corporation has assessed the potential impacts on its consolidated financial statements, and determined that the future pronouncements will not have a material impact on the Corporation.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

4. Cash and cash equivalents:

	2024	2023
Cash and cash equivalents	\$ 16,073	\$ 22,234
Cash and cash equivalents	\$ 16,073	\$ 22,234

The Corporation and EWU have a loan agreement with a Canadian chartered bank providing up to \$75,000 (2023 - \$75,000) bearing interest at prime minus 0.25% or Canadian Overnight Repo Rate Average (CORRA) plus 1.125%, based on current S&P rating for the Corporation, with interest accruing daily. All borrowings under this agreement are repayable by August 31, 2027. The agreement restricts the availability of the Corporation to lien assets. As of December 31, 2024, the outstanding balance in the line of credit was \$nil (2023 - \$nil).

5. Accounts receivable:

	2024	2023
Trade receivables	\$ 36,075	\$ 28,650
Unbilled revenue	23,567	22,303
Allowance for doubtful accounts	(2,123)	(2,045)
Accounts receivable	\$ 57,519	\$ 48,908

The Corporation's exposure to credit risk and impairment losses related to trade receivables is disclosed in Note 25.

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 2024 was \$7,237 (2023 - \$6,142).

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

7. Property, plant and equipment:

(a) Cost:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2023	\$ 25,949	\$ 295,299	\$ 34,118	\$ 5,591	\$ 360,957
Additions	958	16,952	3,239	1,339	22,488
Disposals/retirements	(64)	(1,590)	(41)	(1,352)	(3,047)
Balance at December 31, 2023	\$ 26,843	\$ 310,661	\$ 37,316	\$ 5,578	\$ 380,398
Balance at January 1, 2024	\$ 26,843	\$ 310,661	\$ 37,316	\$ 5,578	\$ 380,398
Additions	211	17,360	5,478	5,205	28,254
Disposals/retirements	(14)	(1,591)	(663)	(2,482)	(4,750)
Balance at December 31, 2024	\$ 27,040	\$ 326,430	\$ 42,131	\$ 8,301	\$ 403,902

(b) Accumulated depreciation:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
Balance at January 1, 2023	\$ 9,695	\$ 75,463	\$ 22,887	\$ -	\$ 108,045
Depreciation charge for the year	776	8,340	2,331	-	11,447
Disposals/retirements/transfers	(5)	(568)	(34)	-	(607)
Balance at December 31, 2023	\$ 10,466	\$ 83,235	\$ 25,184	\$ -	\$ 118,885
Balance at January 1, 2024	\$ 10,466	\$ 83,235	\$ 25,184	\$ -	\$ 118,885
Depreciation charge for the year	801	8,635	2,615	-	12,051
Disposals/retirements/transfers	-	(468)	(313)	-	(781)
Balance at December 31, 2024	\$ 11,267	\$ 91,402	\$ 27,486	\$ -	\$ 130,155

(c) Carrying amounts:

	Land and buildings	Distribution and metering equipment	Other assets	Construction -in- progress	Total
December 31, 2023	\$ 16,377	\$ 227,426	\$ 12,132	\$ 5,578	\$ 261,513
December 31, 2024	\$ 15,773	\$ 235,028	\$ 14,645	\$ 8,301	\$ 273,747

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

8. Intangible assets:

(a) Cost or deemed cost:

	Computer software
Balance at January 1, 2023	\$ 32,258
Additions	450
Balance at December 31, 2023	\$ 32,708
Balance at January 1, 2024	\$ 32,708
Additions	726
Balance at December 31, 2024	\$ 33,434

(b) Accumulated amortization:

	Computer software
Balance at January 1, 2023	\$ 30,956
Amortization charge for the year	524
Balance at December 31, 2023	\$ 31,480
Balance at January 1, 2024	\$ 31,480
Amortization charge for the year	552
Balance at December 31, 2024	\$ 32,032

(c) Carrying amounts:

	Computer software
December 31, 2023	\$ 1,228
December 31, 2024	\$ 1,402

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

9. Investments:

EWE previously held a short-term deposit at a rate of 5.95% which matured on December 28, 2024. The proceeds from this maturity were transferred into cash and cash equivalents as of December 31, 2024.

	2024	2023
Investment:		
Term deposit	\$ -	\$ 3,532
Total investment	\$ -	\$ 3,532

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.

This investment is recorded at fair value as of December 31, 2024, and is invested in fixed income and equity markets as established by the Corporation's investment policy.

	2024	2023
Investment:		
Sinking fund	\$ 19,568	\$ 16,601
Investment, sinking fund	\$ 19,568	\$ 16,601

10. Accounts payable and accruals:

	2024	2023
Trade payables	\$ 21,597	22,170
Accrued expenses	10,315	7,949
	\$ 31,912	\$ 30,119

Information about the Corporation's exposure to currency and liquidity risk is included in Note 25.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

11. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Customer deposits comprise:

	2024	2023
Customer deposits	\$ 4,653	\$ 3,544
Construction deposits	4,093	3,735
	8,746	7,279
Less: current portion	(1,591)	(1,107)
	\$ 7,155	\$ 6,172

12. Deferred revenue – customer contributions:

Deferred revenue relates to the capital contributions received from customers and others. The amount of deferred revenue received from customers is \$21,109 (2023 - \$19,375). Deferred revenue is recognized as revenue on a straight-line basis over the life of the asset for which the contribution was received.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

13. Long-term borrowings:

Long-term borrowings comprise:

	2024	2023
Debentures payable	\$ 103,000	\$ 103,000
Less: debt issuance costs	(442)	(458)
	\$ 102,558	\$ 102,542

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, EWU incurred debt issuance costs in the amount of \$601. The debentures require semi-annual interest payments to 2042 of \$2,129, with a final principal payment of \$103,000 due November 6, 2042.

The Corporation incurred interest expense in respect of the debentures of \$4,258 (2023 - \$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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

14. 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 October 31, 2022, with extrapolation to December 31, 2024, has been used to calculate the current obligation. EWU's employee future benefit liability consists of the following:

	2024	2023
Defined benefit liability	\$ 48,876	\$ 48,299
Employee future benefits, end of year	\$ 48,876	\$ 48,299

Information about EWU's unfunded defined benefit plan is as follows:

Changes in the present value of the defined benefit liability:

	2024	2023
Defined benefit liability, beginning of year	\$ 48,299	\$ 43,729
Defined benefit expense	3,105	3,020
Actuarial (gain)/loss on liability recognized in other comprehensive income	(275)	3,651
Benefits paid for the year	(2,253)	(2,101)
Defined benefit liability, end of year	\$ 48,876	\$ 48,299

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

14. Employee future benefits (continued):

Components of defined benefit expense recognized are as follows:

	2024	2023
Current service cost	\$ 776	\$ 703
Past service cost	130	125
Interest cost	2,199	2,192
Defined benefit expense	\$ 3,105	\$ 3,020

The defined benefit expense for the year is recognized as administrative 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 5.9% in 2025, and grading down to 4.0% by 2041. Other health expenses are estimated to increase 4.76% in 2025, and grading down to 4.0% by 2041. Dental expenses are estimated to increase at 4.0% per year.

(b) Financial instruments:

The liabilities at the period end and the present value of future liabilities were determined using a discount rate of 4.7% (2023 – 4.6%) 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 produced by the Canadian Institute of Actuaries 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:

	2024		2023	
	Increase	Decrease	Increase	Decrease
Health care trend rate (1% change)	\$ 7,482	\$ (6,013)	\$ 7,041	\$ (5,752)
Discount rate (1% change)	(6,168)	7,771	(6,273)	7,821
Mortality (1 year)	1,890	(1,752)	1,762	(1,720)

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

15. Pension plan:

EWU participates in 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% (2023 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2023 - 14.6%) thereafter. During 2024, EWU expensed contributions totalling \$3,295 (2023- \$3,108) made to OMERS in respect of the employer's required contributions to the plan. Estimated contributions for 2025 are \$3,574.

16. Income taxes (provision for payment in lieu of corporate taxes):

	2024	2023
Current provision for payments in lieu of corporate tax expense:		
Current year	\$ 2,679	\$ 1,721
Adjustments for prior years	(8)	-
Deferred income tax expense:		
Origination and reversal of temporary differences	770	27
Adjustments for prior years	520	22
Tax related to remeasurement of employee future benefits	(73)	967
Total income taxes expense	\$ 3,888	\$ 2,737

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

16. 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:

	2024	2023
Basic rate applied to total comprehensive income before income tax	26.50%	26.50%
Change in income tax resulting from:		
Adjustments for prior years	3.91%	0.22%
Items not deductible for tax purposes and other	(3.88%)	(1.55%)
Effective rate applied to comprehensive income before income taxes	26.53%	25.17%

The components of the deferred income tax assets and liabilities are summarized as follows:

	2024	2023
Deferred tax assets:		
Employee benefits	\$ 7,179	\$ 7,026
Regulatory assets	2,059	2,593
Share of joint venture's net (income) loss	43	48
Other	264	310
Deferred tax liabilities:		
Property, plant and equipment	(8,092)	(7,219)
Other	(66)	(80)
Net deferred income tax asset	\$ 1,387	\$ 2,678

At December 31, 2024, a deferred tax asset of \$1,387 (2023 - \$2,678) 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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

17. Share capital:

	2024	2023
Authorized:		
Unlimited common shares		
Issued:		
2,000 common shares	\$ 81,842	\$ 81,842

18. Distribution revenue:

EWU generates revenue primarily from the sale and distribution of electricity to its customers. Other revenue consists of services provided to related parties and other income. Additional information is provided in Note 19 with the components of other income.

In the following table, distribution revenue is disaggregated by type of customer:

	2024	2023
Residential	\$ 29,791	\$ 28,329
General service – small distribution	20,261	18,994
General service – large distribution	4,523	4,278
Street lighting distribution	1,803	1,713
Total distribution revenue	\$ 56,378	\$ 53,314

19. Other Income:

Other income comprises:

	2024	2023
Change in occupancy	\$ 337	\$ 333
Late payment and collection charges	512	433
Other operating revenues	332	261
Loss on disposal of property, plant and equipment	(670)	(1,507)
Pole attachment revenue	1,438	1,352
Sale of scrap	234	132
Sewer surcharge billing and collecting	2,614	2,520
Street lighting maintenance and sentinel light rental	1,673	1,393
Share in joint ventures' net gain (loss)	17	(41)
Total other income	\$ 6,487	\$ 4,876

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

20. Employee benefits:

Employee benefit amounts are allocated between Operating and Distribution expenses and Billing, Collecting and Administration expenses.

	Note	2024	2023
Salaries and benefits		\$ 40,809	\$ 38,042
Contributions to multi-employer plan	15	3,295	3,108
Expenses related to defined benefit plans	14	3,105	3,020
		\$ 47,209	\$ 44,170

21. Finance (income) expense:

	2024	2023
Finance income:		
Interest income on loans to affiliate	\$ (2,150)	\$ (2,150)
Interest income on bank balances	(1,572)	(1,166)
Income on sinking fund investment	(1,767)	(1,721)
Income on investments	(208)	(710)
	(5,697)	(5,747)
Finance expense:		
Interest expense on long-term borrowings	4,258	4,258
Amortization of debt issuance costs	16	16
Other	194	447
	4,468	4,721
Net finance income	\$ (1,229)	\$ (1,026)

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

22. Changes in non-cash operating working capital:

Changes in non-cash operating working capital comprises:

	2024	2023
Net finance expense	\$ (1,245)	\$ (1,042)
Accounts receivable	(8,611)	(2,925)
Due from related parties	1,081	(1,357)
Inventory	637	(2,390)
Other assets	(203)	466
Deferred income taxes	1,291	164
Accounts payable and accruals	1,793	2,156
PIL of income taxes	379	(732)
Due to related parties	1,396	1,540
Deferred revenue	(4,118)	29
Customer deposits	1,467	729
Employee future benefits	852	919
Total changes in non-cash operating working capital	\$ (5,281)	\$ (2,443)

23. Related party transactions:

(a) Parent and ultimate controlling party:

The parent of the Corporation is 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:

	2024	2023
Salaries and other short-term benefits	\$ 1,495	\$ 1,312
Employee future benefits	17	16
	\$ 1,512	\$ 1,328

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

23. 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, 2024, was \$2,614 (2023 - \$2,520). 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, 2024, relating to waste water billing was \$10,787 (2023 - \$9,391).

EWU has issued a standby letter of credit to the City in the amount of \$300 (2023 - \$300) as an indemnity deposit for municipal consent permits. There was no amount owing on this facility at December 31, 2024.

EWE provides street lighting maintenance services to the City. The total amount charged to the City for the year ended December 31, 2024, relating to street lighting maintenance services was \$1,586 (2023 - \$1,306) 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. The total amount charged to the Commission for the year ended December 31, 2024, was \$20,752 (2023 - \$20,745).

(e) Amounts due from (to) related parties:

The amounts due from related parties consist of:

	2024	2023
Due from companies under common control:		
Due from Windsor Utilities Commission	\$ 3,228	\$ 4,660
Due from joint ventures:		
Due from ONtech Rapid Coatings Inc.	6	7
Due from Enertrace Services Ltd.	-	3
Due from parent:		
Due from the Corporation of the City of Windsor	692	337
	<u>\$ 3,926</u>	<u>\$ 5,007</u>

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

23. Related party transactions (continued):

(e) Amounts due from (to) related parties (continued):

The amounts 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:

	2024	2023
Due from Windsor Utilities Commission, debenture	\$ 52,000	\$ 52,000
Due from related parties – debenture	\$ 52,000	\$ 52,000

The amount due from the Commission, debenture is pursuant to the revolving credit agreement entered into by the Commission and the Corporation.

The amounts due to related parties consist of:

	2024	2023
Due to parent:		
Due to the Corporation of the City of Windsor	\$ 10,787	\$ 9,391
	\$ 10,787	\$ 9,391

The amount due to the City is non-interest bearing.

24. Investment in joint ventures:

ONtech Rapid Coatings Inc. ("ONtech") is a Canadian controlled private corporation in which EWE has joint control and a 50% ownership interest as a result of purchasing fifty common shares for the amount of fifty dollars. ONtech was founded by EWE and Tessonics Inc. and is principally engaged to offer low pressure cold spray solutions. The address of ONtech's registered office is 787 Ouellette Avenue, Windsor, Ontario, Canada.

Enertrace Services Ltd. ("Enertrace") is a Canadian controlled private corporation in which EWE has joint control and a 50% ownership interest as a result of purchasing fifty common shares for the amount of fifty dollars. Enertrace was founded by EWE and Essex Energy Corporation and is principally engaged to offer underground infrastructure location and marking services prior to construction. The address of Enertrace's registered office is 4545 Rhodes Drive, Windsor, Ontario, Canada.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

24. Investment in joint ventures (cont'd):

Both ONtech and Enertrace are structured as separate legal entities and EWE has a residual interest in their net assets. Accordingly, the Corporation has classified its interests in ONtech and Enertrace as joint ventures, which are accounted for using the equity method.

25. 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:

Assets	2024			2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Investments	\$ -	\$ -	\$ -	\$ -	\$ 3,532	\$ 3,532
Investment, sinking fund	9,026	10,542	19,568	7,340	9,261	16,601
	\$ 9,026	\$ 10,542	\$ 19,568	\$ 7,340	\$ 12,793	\$ 20,133

The fair value of the investments is \$19,568 (2023 - \$20,133). 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.

(i) Credit risk:

The aging of accounts receivables at the reporting date was:

	2024	2023
Not past due	\$ 45,867	\$ 44,840
Past due 0 – 30 days	8,075	1,924
Past due 31 – 60 days	1,710	997
Greater than 60 days	3,990	3,192
	\$ 59,642	\$ 50,953

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

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

25. Financial instruments and risk management (continued):

(i) Credit risk (continued):

customers located in the City of Windsor. No single customer accounts for greater than 5.7% (2023 – 5.4%) 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. Subsequent recoveries of receivables previously provisioned are credited to the consolidated statement of income. The balance of the allowance for impairment at December 31, 2024 was \$2,123 (2023 - \$2,045).

A continuity of the allowance for doubtful accounts is as follows:

	2024	2023
Balance, beginning of year	\$ 2,045	\$ 1,911
Accounts receivable balances written off	(820)	(827)
Change in provisions for doubtful accounts	898	961
Balance, end of year	\$ 2,123	\$ 2,045

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2024, approximately \$3,990 (2023 - \$3,192) 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, 2024, the Corporation holds security deposits in the amount of \$4,653 (2023 - \$3,544).

(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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

25. Financial instruments and risk management (continued):

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities:

		6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
2024							
Accounts payable and accruals	\$	31,912	\$ -	\$ -	\$ -	\$ -	\$ 31,912
Due to related parties		10,787	-	-	-	-	10,787
Customer deposits		795	796	1,591	5,564	-	8,746
Long-term borrowings		-	-	-	103,000	(442)	102,558
	\$	43,494	\$ 796	\$ 1,591	\$ 108,564	\$ (442)	\$ 154,003

		6 Months or less	6-12 Months	1-2 years	More than 2 years	Other non cash adjustments	Carrying amount
2023							
Accounts payable and accruals	\$	30,119	\$ -	\$ -	\$ -	\$ -	\$ 30,119
Due to related parties		9,391	-	-	-	-	9,391
Customer deposits		553	554	1,107	5,065	-	7,279
Long-term borrowings		-	-	-	103,000	(458)	102,542
	\$	40,063	\$ 554	\$ 1,107	\$ 108,065	\$ (458)	\$ 149,331

(iii) Market risk:

Market risk primarily refers to the risks of loss that result 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 would result in a change of \$90 (2023 - \$73) on the consolidated balance sheet and consolidated 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.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

25. Financial instruments and risk management (continued):

(iv) Capital disclosures (continued):

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2024, shareholder's equity amounts to \$209,298 (2023 - \$202,327) and long-term debt amounts to \$102,558 (2023 - \$102,542).

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 \$59 (2023 - \$50) on the consolidated balance sheet and consolidated statement of income.

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

26. Commitments and contingencies:

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 Association 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, 2024, the Corporation has not been made aware of any additional assessments that have not been accrued.

27. 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 decrease comprehensive income as follows:

	2024	2023
Gross income:		
Retail settlement variance	\$ (1,701)	\$ (1,598)
Expenses:		
Property, plant and equipment	(4,505)	(4,295)
Future PILS	(1,210)	(1,025)
Regulatory adjustment for IFRS conversion	3,252	3,104
Disposition and recovery of regulatory balances	2,089	(1,426)
Pole attachment revenue	(248)	(307)
Interest expense (net of interest revenue)	(29)	(260)
Incremental cloud computing arrangement implementation	(1,588)	-
Low-income Energy Assistance Program (LEAP)	(70)	-
Other	5	4
Decrease in comprehensive income	\$ (4,005)	\$ (5,803)

WINDSOR CANADA UTILITIES LTD.

Notes to the Consolidated Financial Statements (continued)
(in thousands of Canadian dollars)

Year ended December 31, 2024

28. Subsequent events:

On January 1, 2025, the Corporation reduced its investment in EWU by converting \$31,007 of common shares into an intercompany promissory note receivable. The note receivable has no specified repayment terms but requires an interest only payment adjustable to the OEB's deemed long-term debt rate in effect for EWU at the time of the COS, which is 3.82%.

On February 12, 2025, WaveDirect Telecommunications Corporation, a wholly owned subsidiary of EWE, purchased the physical assets along with prepaid assets, customer deposits, unearned revenue and assumed all customer contracts from WaveDirect Telecommunications Ltd. for \$3,726. The business provides services to both urban and rural communities in Southwestern Ontario with a variety of internet offerings including both wired and wireless technologies in addition to providing television services. Through its wholly owned subsidiary, EWE, the Corporation has recorded legal and consulting fees amounting to \$110 for negotiations related to acquisition of these assets in its consolidated statement of comprehensive income for the year ended December 31, 2024.

On March 12, 2025, the Corporation entered into an agreement to acquire all of the shares of E.L.K Energy Inc. (ELK) from The Town of Essex. The acquisition will expand WCUL's principal activity, as ELK is the owner and operator of the electricity distribution grid in the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville in Ontario, Canada. The transaction will be financed through a combination of cash and the use of the existing credit facility. The acquisition date and consideration will be determined once approval from the OEB is received.

29. Comparative figures:

Certain reclassifications have been made to the prior year's consolidated financial statements to enhance comparability with the current year's consolidated financial statements. There was no impact on current or prior year's net income. Comparative figures have been adjusted to conform to the current year's presentation.

SEC - 8

Reference:

Enwin Financials, p. 32

Question:

Please file the Management Services Agreement between WCUL and Enwin, and describe any changes to that agreement contemplated as a result of Phase 1.

Response:

The Master Services Agreement between ENWIN and WCUL is attached, under which ENWIN provides certain finance, administration, management and other support services to WCUL. Please see SEC-8-Attachment 1.

No changes to this Agreement are contemplated as a result of Phase 1.

WCUL proposes that during Phase 1, ENWIN and E.L.K. will continue to operate as separate and distinct LDCs. E.L.K. may receive services from ENWIN pursuant to an Affiliate Relationships Code compliant services agreement; ENWIN would otherwise continue to operate its business as usual. This new services agreement has not yet been drafted pending closing of the transaction.

MASTER SERVICES AGREEMENT

ENWIN UTILITIES LTD.

- and -

WINDSOR CANADA UTILITIES LTD.

October 10, 2017

MASTER SERVICES AGREEMENT

This Master Services Agreement made to take effect as and from the first day of November, 2017 (the “**Effective Date**”)

BETWEEN:

ENWIN UTILITIES LTD.

a corporation incorporated pursuant to the laws of the Province of Ontario
(hereinafter referred to as “**Utilities**”)

- and -

WINDSOR CANADA UTILITIES LTD.

a corporation incorporated pursuant to the laws of the Province of Ontario
(hereinafter referred to as the “**WCU**”)

RECITALS

1. Utilities distributes electricity to customers in the City of Windsor, and is regulated by the Ontario Energy Board (the “**OEB**”) and must comply with the terms of its Distribution Licence.
2. WCU is the sole shareholder of Utilities, and is an Affiliate of Utilities for purposes of the Affiliate Relationships Code, and therefore any service provided by WCU to Utilities or by Utilities to WCU (and any terms and conditions related thereto) must be provided in accordance with the Affiliate Relationships Code.
3. The Parties wish to enter into this Agreement to establish the general terms and conditions that shall apply to Service Schedules for the performance of certain services, as set out in Service Schedules, by: (a) Utilities for the benefit of WCU; and (b) WCU for the benefit of Utilities.

NOW THEREFORE in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereto confirm the accuracy of the recitals above which are incorporated into this Agreement by reference, and further agree as follows:

ARTICLE 1 **INTERPRETATION**

1.01 DEFINITIONS

Unless the context otherwise specifies or requires, for the purposes of this Agreement all capitalized terms herein shall have the meanings set forth below:

“Actual Completion Date” means, with respect to a Service, the date on which the Service was completed in accordance with Section 3.02(b);

“Affiliate” has the meaning ascribed to such term in the Affiliate Relationships Code;

“Affiliate Relationships Code” means the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB, as amended from time to time;

“Agreement” means this Master Services Agreement between Utilities and WCU, including all Service Schedules issued in connection therewith. This Master Services Agreement and all Service Schedules are intended to be construed as a single unified and harmonious instrument;

“Applicable Law” means, collectively, all applicable laws, treaties, statutes, codes, codes of conduct, ordinances, decrees, rules, regulations, including, without limitation, policies, codes or guidelines of a Governmental Authority, judicial, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives or rulings and conditions of any licence, permit, certificate, registration, authorization, consent or approval applicable to this Agreement or the subject matter hereof which in each case is binding in nature and enforceable against a Party;

“Business Day” means any day other than a Saturday or Sunday or a statutory or bank holiday in the Province of Ontario or a date observed by either of WCU or Utilities as a holiday;

“Change of Control” means any change in the control of the assets or shares of Utilities or WCU pursuant to which the assets and operations of Utilities or WCU are in the control of a third party to this Agreement, whether such change occurs by way of a sale, transfer, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, redemption or otherwise;

“Claims” has the meaning ascribed to such term in Section 7.01;

“Confidential Information” has the meaning ascribed to such term in Section 11.01;

“Cost Recovery Methodology” has the meaning ascribed to such term in Section 5.03;

“Disclosing Party” has the meaning ascribed to such term in Section 11.01;

“Dispute” has the meaning ascribed to such term in Section 13.01;

“Effective Date” has the meaning ascribed to such term in the Preamble;

“Event of Default” has the meaning ascribed to such term in Section 9.01;

“Fees” has the meaning ascribed to such term in Section 5.01;

“Force Majeure Event” has the meaning ascribed to such term in Section 12.01;

“Good Utility Practices” means any of the practices, methods and activities adopted by a significant portion of the North American utility industry as good practices applicable to

performance of Services of similar type or any of the practices, methods or activities which, in the exercise of skill, diligence, prudence, foresight and reasonable judgement, in light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and Applicable Laws. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather are intended to delineate acceptable practices, methods, or acts generally accepted in the North American utility industry;

“Governmental Authority” means any court or governmental ministry, department, tribunal, commission, board, bureau, agency, or instrumentality of Canada, or of any province, territory, county, municipality, city, town or other political jurisdiction whether domestic or foreign and whether now or in the future constituted or existing having or purporting to have jurisdiction over the Services or over any Party to this Agreement, including, for greater certainty, the OEB, the IESO, the Privacy Commissioner of Canada, and the Information and Privacy Commissioner of Ontario, and their successors and any person acting under the authority of a Governmental Authority.

“IESO” means the Independent Electricity System Operator for Ontario;

“Indemnified Party” has the meaning ascribed to such term in Section 7.01;

“Indemnifying Party” has the meaning ascribed to such term in Section 7.01;

“Intellectual Property” means any discovery, invention, formulation, know-how, method, technological development, industrial design, enhancement, modification, improvement, work of authorship, computer software and documentation thereof, data or collection of data, whether patentable or not, or susceptible to copyright or any other form of legal protection, and includes Confidential Information;

“MFIPPA” means the *Municipal Freedom of Information and Protection of Privacy Act* of Ontario, as amended from time to time;

“Minimum Retention Period” means a mandatory retention period of at least six (6) years, calculated from the end of the last calendar year to which the applicable record relates, as required under the Mandatory Record Retention Period Policy for Regulatory Entities (File No. EB-2015-0247) published by the OEB (as may be amended or restated);

“OEB” has the meaning ascribed to such term in the Recitals and any successor thereto;

“OEB Requirements” has the meaning ascribed to such term in Section 11.02(d);

“Parties” means Utilities and WCU and any reference to a Party includes its successors and permitted assigns; and **“Party”** means either of Utilities or WCU;

“Personal Information” has the meaning ascribed to such term in the MFIPPA;

"Prime Rate" means a rate of interest per annum equal to the late payment interest rate on Utilities' tariff of rates and charges approved by the OEB and then in effect;

"Prior Agreements" has the meaning ascribed to such term in Section 2.02(a);

"Prior Services" has the meaning ascribed to such term in Section 2.02(b);

"Receiving Party" has the meaning ascribed to such term in Section 11.01;

"Representatives" in reference to a Party, means, as applicable, the Party's mayor, councillors, directors, officers, commissioners, employees, agents and contractors;

"Service Provider" means the Party performing Service(s) pursuant to a Service Schedule;

"Service Recipient" means the Party receiving Service(s) pursuant to a Service Schedule;

"Service Provider Background IP" means all Intellectual Property (a) owned or licensed by Service Provider as of the Effective Date or (b) acquired or licensed by Service Provider from a third party after the Effective Date, (c) developed or created by the Service Provider (alone or jointly) other than in the course of the Services, and (d) all improvements, variations, modifications or enhancements of the Intellectual Property described in (a), (b) or (c) above developed or created by, or on behalf of, Service Provider after the Effective Date that does not constitute Service Results and IP;

"Service Recipient Background IP" means all Intellectual Property (a) owned or licensed by Service Recipient as of the Effective Date or (b) acquired or licensed by Service Recipient from a third party after the Effective Date, and (c) developed or created by the Service Recipient (alone or jointly) other than in the course of the Services, and (d) all improvements, variations, modifications or enhancements of the Intellectual Property described in (a) and (b) above conceived, discovered, invented, made or first reduced to practice by, or on behalf of, Service Recipient after the Effective Date that does not constitute Service Results and IP;

"Service Results and IP" means any data, formulae, outcomes or other results produced in the course of the Services and any Intellectual Property conceived, discovered, invented, made or first reduced to practice in the course of the Services, either alone or jointly by the parties, that is not Service Provider Background IP or Service Recipient Background IP;

"Service Schedule" means a request for services, substantially in the form attached hereto as Schedule A, executed by the Parties;

"Services" has the meaning ascribed to such term in Section 3.01;

"Settlement Period" has the meaning ascribed to such term in Section 2.02(b);

"Term" has the meaning ascribed thereto in Section 2.01;

"Utilities" has the meaning ascribed to such term in the Preamble; and

“Warranty Period” means, with respect to a Service, the period ending on the first anniversary of the Actual Completion Date, subject to any specific exceptions contained in any Service Schedule;

“WCU” has the meaning ascribed to such term in the Preamble.

1.02 CONSTRUCTION OF AGREEMENT

In this Agreement:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated there under, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (c) **“includes”** or **“including”** shall mean includes (or as applicable, including) without limitation;
- (d) any reference to a specific executive position or an internal division or department of a Party shall include any successor positions, divisions or departments having substantially the same responsibilities or performing substantially the same functions;
- (e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; and if the last day of such period is not a Business Day, the period shall end on the next Business Day;
- (f) all dollar amounts are expressed in Canadian dollars;
- (g) the division of this Agreement into separate Articles, Sections, Subsections and Schedule(s), the provision of a table of contents and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (h) words or abbreviations which have well known or trade meanings are used herein in accordance with their recognized meanings;
- (i) the terms and conditions hereof are the result of negotiations between the Parties and the Parties therefore agree that this Agreement shall not be construed in favour of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement; and
- (j) The order of priority of the various documents or portions thereof which comprise this Agreement is as follows, in descending order of priority:

- (i) the body of this Agreement;
- (ii) each Service Schedule; and
- (iii) any addendums, amendments, attachments or exhibits to the Service Schedule expressly agreed upon in writing by the Parties and referenced in the Service Schedule.

1.03 SCHEDULES OF SERVICES

The Schedules set out below are attached to and form part of this Agreement, as may be amended by the Parties by mutual agreement from time to time:

<u>Schedule</u>	<u>Description</u>
A	Form of Service Schedule

1.04 PURPOSE OF AGREEMENT

The purpose of this Agreement is to establish terms and conditions for all services to be performed by WCU for the benefit of Utilities or by Utilities for the benefit of WCU, other than those services that are provided pursuant to a separate agreement between WCU and Utilities.

ARTICLE 2 TERM

2.01 TERM

The term of this Agreement shall commence on the Effective Date and, unless terminated or abbreviated pursuant to ARTICLE 10, shall remain in effect for a period of five (5) years (the "**Term**"). The Term shall be automatically renewed for successive one (1) year periods unless either Party delivers written notice of its intention to terminate this Agreement no later than 60 days prior to the expiration of the then applicable Term.

2.02 TERMINATION OF PRIOR AGREEMENTS

- (a) In the event that, immediately preceding the Effective Date, either Party was providing Services to the other Party (collectively, "**Prior Services**") pursuant to formal or informal arrangements effected verbally or in writing (collectively, "**Prior Agreements**"), the Parties agree that such Prior Agreements shall terminate on the Effective Date.
- (b) Any settlement of accounts in relation to a Prior Agreement shall be completed within 90 days of the Effective Date (the "**Settlement Period**"). Upon expiration of the Settlement Period, all accounts in relation to the Prior Agreements shall be deemed to be fully settled and closed. The Parties acknowledge and agree that any failure by either Party to terminate or fulfil its obligations pursuant to a Prior Agreement or any action associated therewith shall not delay, hinder, modify, or

invalidate any provision of this Agreement.

ARTICLE 3

SERVICES

3.01 SERVICES

- (a) Subject to the terms, covenants and conditions contained in this Agreement, each Party shall provide or cause to be provided, the services described in a Services Schedule (collectively, the “**Services**”).
- (b) Either Party may, from time to time during the Term, deliver a written request to the other Party for the Parties to negotiate a Services Schedule substantially in the form attached hereto as Schedule A that is populated with the applicable scope of services, Fee and other such relevant information. Such notice shall include an initial draft of the Services Schedule. Upon receipt of a written request, the Parties agree that they shall negotiate a Services Schedule in good faith and shall use commercially reasonable efforts to agree upon the Cost Recovery Methodology and execute such Services Schedule within 20 Business Days of the date the initial written request is delivered or within such time period as otherwise may be agreed to by the Parties in writing.
- (c) Unless the Parties agree expressly in writing to waive any of the terms and conditions of this Agreement, a Service Schedule shall incorporate the provisions of this Agreement.

3.02 PROVISION OF SERVICES

- (a) Each Party shall be responsible for the provision of the applicable Services provided hereunder pursuant to a Service Schedule and the methods employed in providing the same, and represents and warrants that such Services being provided by the Party shall be provided in a diligent, competent, and professional manner to commercially reasonable standards, including but not limited to ensuring that the Services are performed in accordance with Applicable Law and Good Utility Practices.
- (b) Upon the Service Provider notifying the Service Recipient in writing that Services under a Service Schedule have been completed, the Service Recipient shall confirm in writing that completion has been achieved with respect to the Services within 10 Business Days of the date that the written notice is received by the Service Recipient, unless the Service Recipient (acting reasonably and in good faith) otherwise provides written notice to the Service Provider of its failure to achieve completion (including appropriate details supporting same), in which case the Service Provider shall complete such additional items as are set out in the notice provided by the Service Recipient. Once all such additional items are completed, the Service Provider shall notify the Service Recipient in writing in accordance with this Section 3.02(b). This process shall be repeated on an

iterative basis until completion of the Services is achieved in accordance with the foregoing provisions of this Section 3.02(b). Any Dispute respecting the achievement of completion will be dealt with in accordance with the dispute resolution provisions set out in ARTICLE 13. If the Service Provider notifies the Service Recipient of completion of the Services in accordance with this Section 3.02(b), and the Service Recipient fails to respond in accordance with this Section 3.02(b) within 10 Business Days of the date that the written notice is received by the Service Recipient, the Service Provider shall deliver a written reminder of its request for confirmation of completion to Service Recipient. If the Service Recipient fails to respond to the second notice and any further notices provided thereafter, within two Business Days, completion shall be deemed to have been achieved with respect to the Services.

- (c) During the Warranty Period, if either Party discovers any defect or deficiency relating to the Services, which defect or deficiency renders such Services to be not compliant with the provisions of Section 3.02(a), such Party shall promptly notify the other Party in writing of the nature of such defect or deficiency and the Services affected. Upon such notice, the Service Provider shall, to the extent such defect or deficiency is caused by or affects the Services it performs under this Agreement, propose to the Service Recipient a reasonably detailed schedule and remedial plan describing the remedial work to be performed by the Service Provider (including, for clarity, re-performance of the Services as reasonably necessary to address such defect or deficiency) and, upon the Service Recipient providing its consent (which shall not be unreasonably withheld or delayed), perform the remedial work at its sole cost and expense.

3.03 RELATIONSHIP

Notwithstanding the Affiliate relationship deemed to exist between the Parties pursuant to the Affiliate Relationships Code, in performing Services, each Party shall operate as an independent contractor and not as an agent of the other Party, and shall maintain its own organization as a distinct and separate legal entity from the other Party. Neither Party shall have the authority to legally bind the other Party in performing the Services without the prior written authority from the other Party to do so. Nothing in this Agreement shall be deemed to constitute a partnership or a joint venture or to create any fiduciary relationship between the Parties in relation to the Services.

3.04 MODIFICATIONS TO THE SERVICES

Either Party may from time to time request that the Parties amend a Services Request to modify the agreed upon scope of services. If the Parties are able to mutually agree on such amendment, the Parties shall formalize the amendment in writing.

ARTICLE 4

RESPONSIBILITIES

4.01 RECORDS MAINTENANCE & AUDIT RIGHTS

- (a) Each Party shall maintain all relevant records relating to the performance of the Services for the Minimum Retention Period commencing on the applicable Actual Completion Date, or such longer period of time as may be required under Applicable Law. Each Party shall provide those records to the other Party upon request and without delay, including as and when a Party requires the records for purposes of complying with Applicable Law or for purpose of responding to a request from or in a proceeding under the authority of a Governmental Authority.
- (b) Each Party shall provide the other Party with the information reasonably required to enable the other Party to perform any business case study to assess or justify prospective or provided Services, subject always to the MFIPPA.
- (c) Concurrent with issuing any invoice or other charge for Services provided, the Service Provider shall provide to the Service Recipient a detailed breakdown of the Party's fully-allocated cost of providing the Services.
- (d) Either Party may, from time to time at its own expense, conduct an inspection or audit of the Services, including but not limited to: (i) the quality of the Services provided, (ii) Fees charged for the Services, (iii) the application of the cost allocation methodology supporting the Fees charged and (iv) all documents reasonably requested by a Party in connection with the calculation of the Fees. Each Party agrees to grant reasonable access by the other Party to its records and documents in connection with any such inspection or audit, including providing copies of documents and records reasonably requested by such Party.

4.02 CO-OPERATION

The Parties shall cooperate with each other during and after the Term: (a) to effect a smooth and orderly delivery of Services or the termination of this Agreement; and (b) with respect to audits or other inquiries, filings, reports and payment of taxes arising in connection with this Agreement, which may be required, initiated or requested from or by any duly authorized Governmental Authority. Subject to Applicable Law in respect of privacy and ARTICLE 11, each Party agrees to provide to the other Party documentation lawfully requested from the other Party by a Governmental Authority as may be required to satisfy the lawful request.

4.03 NOTIFICATION OF CHANGES OF CIRCUMSTANCES

The Parties shall promptly notify each other of any facts or changes or prospective changes in circumstances that might reasonably have a material effect on the performance of the Services, and shall use best efforts to consult with one another in this regard to the extent possible. A material change shall include, but not be limited to, any change which might reasonably require the other Party to incur an increase or decrease of more than 10% of the

resources required for performance or the costs being incurred in respect to any Service prior to the change.

4.04 NOTICE OF PROCEEDINGS

The Parties shall promptly give notice to each other of all actual or potential claims, proceedings, notices of regulatory non-compliance from any Governmental Authority, disputes (including labour disputes) or litigation which it reasonably believes could have an adverse effect on the fulfillment of any of the terms hereof by either Party (whether or not any such claim, proceeding, dispute or litigation is covered by insurance) in respect of its own operations of which any of them is aware. Subject to compliance with Applicable Law, including applicable privacy legislation, and ARTICLE 11, each Party shall provide the other Party with all information reasonably requested from time to time concerning the status of such claims, proceedings, notices, disputes, or litigation, and any developments relating thereto.

4.05 PERMITS

Each Party shall, at its sole expense, obtain and maintain during the Term, all permits, certifications, licenses and other types of approvals required by it under Applicable Law to perform the Services and, upon request, shall provide the other Party with proof thereof.

4.06 INSURANCE

- (a) Insurance. Neither Party nor any of its subcontractors shall commence the performance of Services until such Party has obtained, at its own expense, the following minimum insurance coverage which it shall maintain in full force and effect for the duration of the Term:
 - (i) Commercial General Liability insurance with limits of at least \$10,000,000.00 per occurrence involving bodily injury, personal injury, death, or property damage, with the other Party listed as an additional insured and including a cross-liability provision, and coverage for completed operations, non-owned auto, tenant's legal liability, coverage for hazardous operations, and contractual liability;
 - (ii) Professional Liability/Errors and Omissions Insurance that has limits of not less than \$5,000,000 per claim. The policy must be in place continuously from the commencement of the Agreement until two (2) years after the expiration of the Term;
 - (iii) Workers' Compensation Insurance applicable in the Province of Ontario for the Services or any portion of the Services is to be performed. The applicable Party shall ensure that all subcontractors, suppliers, agents, and invitees also qualify and carry such required insurance before providing Services. In the event that a subcontractor is exempt from workers compensation laws or requirements, (1) a letter to this effect must be

written and signed by the workers compensation authority or applicable board for the jurisdiction in which the Services is to be performed, and delivered to the Parties prior to commencement of any Services and (2) the Commercial General Liability insurance required under Section 4.06(a)(i) is to include Employer's Liability coverage.

- (iv) Automobile Liability Insurance in compliance with any and all statutory motor vehicle liability requirements, for all owned, hired and non-owned vehicles in a Party's care, custody & control, with a Combined Single Limit of \$2,000,000 Bodily Injury Liability and Property Damage Liability per occurrence; and
- (v) Umbrella/Excess Liability Insurance may be in place to satisfy the insurance requirements set out in Section 4.06(a), where applicable

Neither Party shall cancel, allow to lapse or materially change in any way the insurance required pursuant to this Section 4.06(a) until 30 days after written notice of same is provided to the other Party. If a Party fails to provide or to maintain the insurance required by this Section 4.06(a), then the other Party shall have the right to provide and maintain such insurance, at the non-compliant Party's sole cost and expense.

- (b) Proof and Standard of Insurance. Proof of all insurance must be satisfactory in form and content to: (i) WCU's Vice President, Finance and CFO; and (ii) Utilities Vice President, Finance and CFO, as applicable, each acting reasonably. All insurance must be placed with carriers holding a minimum financial rating of A- or better with A.M. Best and with insurers licensed to underwrite insurance in Canada. No requirement above shall impose on either Party a duty or obligation to verify the existence or adequacy of the insurance coverage maintained by the other Party, nor shall either Party be responsible for any representations or warranties made by the other Party to any insurance company or underwriter. All insurance shall be primary over and non-contributing with, and not in excess of, any other insurance held or obtained by the other Party.
- (c) Deductibles. Each Party shall be responsible for the deductible amounts owing under its insurance policies.

4.07 ACCESS BY SERVICE RECIPIENT AND HEALTH & SAFETY

Each Party, as the Service Provider, hereby acknowledges and agrees that the Service Recipient shall have reasonable access to the Service Provider's facilities, records and applicable documents, as are strictly required in connection with the Services provided by the Service Provider, provided that that Service Recipient shall be required to deliver prior written notice no less than 48 hours in advance of exercising its rights under this Section 4.07. When on the premises of a Party, the other Party's employees shall comply with all health and safety rules and regulations which are brought to their attention from time to time or about which they ought to be aware acting reasonably.

ARTICLE 5

FEES AND PAYMENTS

5.01 FEES

In consideration of the provision of Services, the Service Recipient shall pay to the Service Provider the fees set out in the applicable Service Schedule, as may be amended by the Parties in writing from time to time and as determined and adjusted from time to time in accordance with Section 5.03 (the “Fees”).

5.02 PAYMENT

- (a) Unless a more frequent payment schedule is provided for in the applicable Service Schedule, the Service Provider shall deliver a monthly invoice setting forth the aggregate Fees due by the Service Recipient in respect of each current Service Schedule
- (b) the Service Recipient shall, within 30 days of the date after receipt of an invoice referred to in Section 5.02(a), notify the Service Provider of any amounts therein which the Service Recipient reasonably considers not properly due to the Service Provider, and the Service Recipient shall not be required to pay such disputed amounts until 30 days after such dispute is resolved.
- (c) Subject to Section 5.02(b), the Service Recipient shall pay the amounts set out in an invoice referred to in Section 5.02(a) in such manner as directed in the invoice within 30 days of the date of such invoice (unless expressly set out otherwise in the invoice, provided that the Service Provider shall not be permitted to require payment by the Service Recipient of an invoiced amount within a time period less than 30 days).

5.03 FULL COST RECOVERY

The Parties acknowledge that the Fees charged by Service Provider to the Service Recipient shall be no more than the fully-allocated cost for the Service Provider to provide the Service, which fully-allocated cost may include a return on invested capital that is (a) no higher than Utilities’ OEB-approved weighted average cost of capital in the case of Services being provided by WCU, and (b) no less than Utilities’ OEB-approved weighted average cost of capital in the case of Services being provided by Utilities, as determined in accordance with each Party’s methodology reasonably determined from time to time and always subject to Applicable Law (the “**Cost Recovery Methodology**”). Each Party shall deliver a document setting out its Cost Recovery Methodology to the other Party on or before execution of each Service Schedule and thereafter upon any change to the Cost Recovery Methodology. WCU further acknowledges that Utilities is a rate regulated entity and that any Services provided by WCU, and the recovery by Utilities of the costs of the Fees charged to Utilities, are subject to regulatory review by the OEB.

5.04 ANNUAL REVIEW & ADJUSTMENT TO FEES

The relationship between the Parties arising from this Agreement shall be subject to review by the Parties at least once annually, which review shall consider:

- (a) implementation of processes contemplated by this Agreement;
- (b) issues relating to performance of Services under this Agreement;
- (c) any changes in the cost in connection with a Party's compliance with Applicable Law affecting the provision of Services;
- (d) any changes to the nature or scope of the Services;
- (e) any decision by the OEB as it relates to Services provided or received pursuant to this Agreement; and
- (f) the Affiliate relationship and the requirements under the Affiliate Relationships Code for Services to be provided by Utilities to their Affiliates or received by Utilities from their Affiliates on the basis of the fully-allocated cost to provide the Services so as to avoid cross-subsidization between the Parties and any other matters relating to compliance with Affiliate Relationships Code requirements.

5.05 TAXES

Fees shall include any and all applicable taxes properly exigible on the supply of Services under this Agreement including any and all applicable taxes under the *Excise Tax Act* (Canada), sales taxes, value-added taxes or any other taxes (excluding income taxes).

5.06 LATE PAYMENT

If either Party fails to pay any amounts payable hereunder when due, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a rate equal to the Prime Rate.

ARTICLE 6 **REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENT**

6.01 REPRESENTATIONS AND WARRANTIES OF UTILITIES

Utilities hereby represents and warrants to WCU as follows and acknowledges that WCU is relying on such representations and warranties in connection herewith:

- (a) Utilities is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action;

- (c) this Agreement has been duly executed and delivered by Utilities and constitutes a legal, valid and binding obligation of Utilities, enforceable against Utilities by WCU in accordance with its terms; and
- (d) Utilities has received, reviewed and approved for the purposes set out in this Agreement, WCU's Cost Recovery Methodology.

6.02 REPRESENTATIONS AND WARRANTIES OF WCU

WCU hereby represents and warrants to Utilities as follows and acknowledges that Utilities is relying on such representations and warranties in connection herewith:

- (a) WCU is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action;
- (c) the provision by WCU of Services pursuant to this Agreement complies with the Corporation of the City of Windsor shareholders directions to WCU;
- (d) WCU has received, reviewed and approved for the purposes set out in this Agreement, Utilities' Cost Recovery Methodology; and
- (e) this Agreement has been duly executed and delivered by WCU and constitutes a legal, valid and binding obligation of WCU, enforceable against WCU by Utilities in accordance with its terms.

ARTICLE 7 **INDEMNIFICATION**

7.01 INDEMNIFICATION

- (a) Each Party, on behalf of itself, its directors, officers, commissioners, elected officials, employees, volunteers, agents, successors, and assigns ("**Indemnifying Party**") agrees to indemnify and hold harmless the other Party, its directors, officers, commissioners, elected officials, volunteers, employees, agents, successors, and assigns ("**Indemnified Party**"), against any and all claims, demands, suits, losses, damages, liabilities, penalties, obligations, payments, costs and expenses and accrued interest thereon (including the costs and expenses of, and accrued interest on, any and all actions, suits, proceedings for personal injury (including death) or property damage, assessments, judgments, settlements and compromises relating thereto and reasonable lawyers' fees and reasonable disbursements in connection therewith) (collectively, "**Claims**") arising out of or

related to: (i) breaches of the Indemnifying Party's obligations contained in this Agreement, including but not limited to the disclosure of Confidential Information and/or Personal Information pursuant to Section 11.03; (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party; and (iii) the negligent acts, negligent omissions, or wilful misconduct of the Indemnifying Party in connection with the performance of its obligations under this Agreement.

- (b) The indemnities provided for in Section 7.01(a) shall only apply if the Indemnified Party gives the Indemnifying Party prompt notice of any such Claim as soon as it is aware of a situation that may give rise to a Claim, and all requested and necessary information and assistance. The Indemnifying Party, at its option, may defend or settle such claim provided that the Indemnified Party may participate in such defense if the Indemnifying Party and the Indemnified Party's interest are divergent. The Indemnifying Party may not settle a Claim without consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed.
- (c) In the event that a Claim is the result of the contributory negligence of the Parties, the loss, liability and costs (including legal fees) associated with the defence and settlement of the Claim shall be borne by each Party in proportion to its negligence.
- (d) Neither Party shall, or shall permit its subcontractors to, file any lien or encumbrance in connection with the performance of such Party's Services except as solely as a result of the other Party's failure to make an undisputed payment when due in accordance with this Agreement. If any lien or encumbrance is filed in connection with the performance of the Services by the Party performing the Services or its subcontractors in violation of this Section 7.01(d), such Party shall, within five Business Days of the filing of any such lien or encumbrance, discharge or remove in accordance the Applicable Law and shall provide evidence of such discharge or removal to the other Party within five Business Days of the discharge or removal. If a Party fails to take such action within the time period provided by this Section 7.01(d), the other Party shall have the right, at its option, without notice to the failing Party, to maintain holdback from payments to such failing Party and to pay or settle such lien or encumbrance, and such failing Party shall, within two Business Days of receipt of a request by the other Party, reimburse the other Party for all actual reasonable costs and expenses incurred by the other Party in connection therewith. Any undisputed, past due payment required pursuant to this Section 7.01(d) shall accrue interest at the Prime Rate.

ARTICLE 8

LIMITATION OF LIABILITY

8.01 LIMITATION OF LIABILITY

Subject to Section 8.03, each Party's maximum aggregate liability for all Claims of any kind under this Agreement shall not exceed an amount equal to the average of the Fees invoiced by such Party in the three (3) years preceding the date of the Claim. The foregoing limitation of liability shall not apply to a Party's liability: (i) for fraudulent actions; or (ii) for its or its subcontractors willful misconduct or gross negligence, nor apply to any insurance proceeds received or which will be received by the Party pursuant to policies maintained in accordance with the terms of this Agreement or in the case the Party fails to maintain insurances required to be maintained hereunder, an amount equal to any insurance proceeds which would have been received pursuant to such insurance policies had such been maintained as required hereunder. The Parties acknowledge and agree that any of a Party's liability covered by the proceeds of the insurance maintained pursuant to ARTICLE 4 shall not reduce or be applied against the limit of liability set out in this Section 8.01.

8.02 CONSEQUENTIAL DAMAGES

Subject to Section 8.03, in no event shall either Party be liable to the other Party, irrespective of whether alleged to be by way of indemnity, as a result of breach of contract, breach of warranty, tort (including negligence), strict liability, or any other legal theory for damages that constitute consequential, incidental, special, indirect, exemplary or punitive damages of any nature whatsoever, except to the extent such damages are covered by insurance proceeds actually received pursuant to the applicable Party's insurance.

8.03 EXCEPTIONS TO LIMITATION

The exclusions and limitations of liability contained in Sections 8.01 and 8.02 shall not apply to liabilities arising from either party's indemnification obligations under ARTICLE 7 of this Agreement with respect to any damages, awards or other amounts payable to a third party in connection with a third party Claim.

ARTICLE 9

DEFAULT

9.01 DEFAULT

The occurrence of any one or more of the following shall constitute an event of default on the part of a Party (an "**Event of Default**"):

- (a) if the Service Recipient fails to pay any Fees set out in an invoice delivered pursuant to ARTICLE 5 and such default shall continue without being cured within 30 days following notice thereof to the Service Recipient by the Service Provider; and
- (b) breach of any material representation or warranty or failure to perform or observe any material covenant or obligation under this Agreement if such failure is not cured within 30 days following notice thereof (giving particulars of the failure in reasonable detail) from the non-defaulting Party or such longer period as may be reasonably necessary to cure such failure, provided that:

- (i) the defaulting Party proceeds with all due diligence to cure or cause to be cured such failure; and
- (ii) the failure can be reasonably expected to be cured or caused to be cured within a reasonable time frame acceptable to the non-defaulting Party, acting reasonably.

ARTICLE 10

TERMINATION RIGHTS

10.01 TERMINATION ON DEFAULT

Upon the occurrence of an Event of Default under this Agreement which is not cured within the permitted time period specified in Section 9.01, the non-defaulting Party shall have the right to terminate this Agreement by delivering written notice of termination to the defaulting Party whereupon this Agreement shall terminate as at the effective date of termination specified in the notice.

10.02 TERMINATION ON NOTICE

- (a) Either Party may terminate this Agreement at any time during the Term by delivering written notice to the other Party no less than 180 days in advance of the stated termination date set out in the notice.
- (b) Either Party may terminate a Service Schedule or the provision of any portion of the Services described in a Service Schedule at any time by delivering written notice to the other Party no less than 90 days in advance of the stated termination date set out in the notice, unless a greater minimum notice period is described in the applicable Service Schedule. The Party exercising its right to terminate shall provide as much advance notice to the other Party as reasonably possible in the circumstances of its intent to terminate any specified Services in accordance with this Section 10.02(b).

10.03 TERMINATION FOR CHANGE IN APPLICABLE LAW

In the event that:

- (a) there is a change in Applicable Law which materially affects either Party in relation to any of the Services; or
- (b) a Party is unable to perform any or all of the Services due to a change in policy, guidelines, codes, directives, order, decision or other regulatory action of any Governmental Authority,

then either Party shall have the right to terminate any or all of the applicable Services Requests by giving 90 days' prior written notice of termination to the other Party whereupon the specified Services or this Agreement shall terminate as of the effective date of termination specified in the notice. Notwithstanding the provision in the sentence

immediately above, the applicable Party shall provide as much advance notice to the other Party as reasonably possible (and no less than 90 days) in the circumstances of its intent to terminate any specified Services or this Agreement in accordance with this Section 10.03.

10.04 CHANGE OF CONTROL OF UTILITIES OR WCU

In the event of a Change of Control in Utilities or WCU, the entity to which control has passed may by delivery of written notice terminate any or all of the Services or this Agreement effective immediately.

10.05 CONSEQUENCES OF TERMINATION

Upon termination of any or all of the Services under this Agreement or upon termination of this Agreement for any reason:

- (a) the relevant provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for any billings, adjustments and payments related to the period prior to termination;
- (b) with respect to termination of a Service, Services or this Agreement in accordance with Section 10.02 only, the Party exercising its termination rights under Section 10.02 shall pay to the other Party a sum equal to: (i) such other Party's actual, reasonable and demonstrable demobilization costs and/or deposits paid to its subcontractors, as demonstrated by documentation reasonably requested by the Party exercising its rights under Section 10.02; less (ii) any recordable deposits paid to such other Party's subcontractors.
- (c) the termination shall not affect any rights or obligations which may have accrued prior to such termination or any other rights which the terminating Party may have arising out of the termination or the event giving rise to the termination and shall not affect the continuing obligations of either Parties under this Agreement which are expressed to continue after termination of this Agreement; and
- (d) except as provided in Sections 10.05(a) and 10.05(c), the terminating Party shall have no liability whatsoever to the other Party arising from such termination. For greater certainty, the terminating Party shall have no liability whatsoever to the other Party for any special, incidental, indirect or consequential damages, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses, whether based on breach of contract or tort (including negligence) or otherwise, even if the Party causing such loss or damages has been advised of the possibility of same, which the other Party may incur as a result of the termination.

ARTICLE 11

CONFIDENTIALITY AND INTELLECTUAL PROPERTY

11.01 CONFIDENTIAL INFORMATION

Each Party (the “**Receiving Party**”) shall maintain in strict confidence any and all information about the business or operations or customers of the other Party or any of their Affiliates, which it acquires in any form from the other Party (the “**Disclosing Party**”) by virtue of this Agreement (“**Confidential Information**”) and will not disclose to any third party or make use of such Confidential Information (except for the purposes of this Agreement) for itself or any third party without the prior written consent of the Disclosing Party, except as permitted herein and except where required by Applicable Law. Notwithstanding the foregoing, “**Confidential Information**” shall not include information which:

- (a) is in the public domain at the time of its disclosure to the Receiving Party or which thereafter enters the public domain otherwise than by any breach of this Agreement;
- (b) is already known to or in the possession of the Receiving Party at the time of its disclosure by the Disclosing Party as evidenced by the Receiving Party’s records;
- (c) is lawfully acquired at any time by the Receiving Party without restrictions from a third party without breach of confidentiality by such third party; or
- (d) required to be disclosed under Applicable Law, judicial decision or by order, decree, rule, regulation or requirement of any Governmental Authority,

provided no “**Confidential Information**” may be disclosed if it consists of information that is “confidential information” of Utilities for purposes of the Affiliate Relationships Code.

11.02 PERMITTED DISCLOSURE

Notwithstanding Section 11.01,

- (a) the Parties hereby acknowledge and agree that Utilities may be obligated to disclose Confidential Information relating to this Agreement to the OEB and any other Governmental Authority to which Utilities may be required to report in connection with filing a rate application with the OEB, under the Affiliate Relationships Code, the Reporting and Record Keeping Requirements or in accordance with any other Applicable Law;
- (b) the Parties hereby acknowledge that they are both subject to MFIPPA and that as a result either Party may be required to disclose Confidential Information concerning this Agreement or the other Party in accordance with the provisions of MFIPPA;
- (c) in the event that a Receiving Party is required by law to disclose any Confidential Information to a Governmental Authority, or any other person, including, without

limitation, any disclosure required pursuant to a request under MFIPPA, such Party may so disclose; provided that it shall, to the extent permitted by Applicable Law, first inform the Disclosing Party of the request or requirement for disclosure to allow an opportunity for the Disclosing Party to apply for an order to prohibit or restrict such disclosure;

- (d) WCU acknowledges and agrees that the use and disclosure of any information relating to the customers of Utilities is governed by requirements of the *Ontario Energy Board Act, 1998*, and regulations, licences, codes and procedures established by the OEB ("**OEB Requirements**"). WCU acknowledges and agrees that if any of Utilities' Confidential Information relating to its smart sub-metering providers, wholesalers, consumers, retailers or generators is disclosed to WCU or its Representatives hereunder, WCU shall strictly comply, and shall cause its Representatives to strictly comply with the OEB Requirements, the requirements, policies or procedures of Utilities, the Affiliate Relationship Code, MFIPPA and all other Applicable Law; and
- (e) Utilities agrees and acknowledges that if any Personal Information is disclosed by WCU to Utilities or its Representatives, Utilities shall strictly comply and shall cause its Representatives to strictly comply with the requirements of MFIPPA and such other requirements, policies or procedures of WCU related to or arising from such disclosures, and all other Applicable Law.

11.03 LIABILITY FOR BREACH

Except for disclosures made pursuant to Section 11.02, as required by Applicable Law or any Governmental Authority or as required to fulfil the terms of this Agreement, each Party shall be responsible for any breach of this Agreement by the Party, its Representatives and any person to whom it discloses any Confidential Information or Personal Information. The Parties agree that a Disclosing Party would be irreparably injured by a breach of this Agreement by a Receiving Party or by any person to whom it discloses any Confidential Information or Personal Information and that monetary damages would not be a sufficient remedy. Therefore, in such event, the Disclosing Party shall be entitled to equitable relief, including injunctive relief without proof of actual damages, as well as specific performance. Such remedies shall not be deemed to be exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available at law or equity.

11.04 RETURN OF CONFIDENTIAL INFORMATION

Subject to Applicable Law, upon completion or termination of this Agreement, or upon ten (10) days written notice from the Disclosing Party requesting return or destruction of any or all Confidential Information, the Receiving Party shall forthwith return to the Disclosing Party or destroy, without retaining any copies thereof unless otherwise required by Applicable Law, all such Confidential Information.

11.05 INTELLECTUAL PROPERTY

- (a) As between the Service Provider and the Service Recipient, (i) the Service Provider shall own all Service Provider Background IP, and the Service Recipient acknowledges that it does not have and will not acquire any right, title or interest in or to any Service Provider Background IP under this Agreement; and (ii) the Service Recipient shall own all Service Recipient Background IP, and the Service Provider acknowledges that it does not have and will not acquire any right, title or interest in or to any Service Recipient Background IP under this Agreement.
- (b) With respect to a particular Service and as between the Service Provider and the Service Recipient, the Service Recipient shall own the Service Results and IP. The Service Provider agrees to assign, to the Service Recipient any and all right, title and interest in the Service Results and IP, and shall execute such documents and do all other acts and things as may be reasonably deemed necessary by the Service Recipient to effectuate all such right, title and interest. The Service Recipient will not take any action inconsistent with such right, title and interest.
- (c) To the extent that Service Provider Background IP is incorporated into the Service Results and IP, Service Provider grants to Service Recipient a fully paid, non-exclusive, irrevocable, royalty-free worldwide license, with a right of sublicense, to use such Service Provider Background IP to the extent necessary for Service Recipient to enjoy full benefit of its rights to the Service Results and IP.
- (d) During the Term, Service Recipient grants to Service Provider a non-exclusive license to use the Service Recipient Background IP and any Service Results and IP solely for the performance of the Services or to otherwise perform its obligations under this Agreement.

ARTICLE 12 FORCE MAJEURE

12.01 FORCE MAJEURE

Except for the payment of any monies required hereunder, neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to a cause beyond its reasonable control, including, but not limited to, an act of God, act of any Governmental Authority, civil commotion, acts of terrorism including threatened acts, strikes, lockouts and other labour disputes, fires, floods, sabotage, earthquakes, ice storms, tornado, severe and imminent weather warnings and conditions, and epidemics (each, a “**Force Majeure Event**”).

12.02 NOTICE OF FORCE MAJEURE

Once a Party becomes subject to an event of Force Majeure, it shall promptly, but in no circumstance later than five (5) Business Days after the commencement of a Force Majeure Event, notify the other Party of its inability to perform, or of any delay in performing, its obligations under this Agreement due to a Force Majeure Event and shall provide an estimate, as

soon as practicable, as to when the obligation will be performed. The Party subject to the Force Majeure Event shall also continue to furnish timely reports to the other Party with respect to the Force Majeure Event during the continuation of the said event and the said Party shall exercise all commercially reasonable efforts to mitigate or limit damages to the other Party. The Party subject to the Force Majeure Event shall use its best efforts to continue to perform its obligations under this Agreement and to correct or cure the event or condition excusing performance and when the said Party is able to resume performance of its obligations thereunder, it shall give the other Party written notice to that effect and shall promptly resume performance thereunder. The time for performing the obligation shall be extended for a period equal to the time during which the Party was subject to the Force Majeure Event. The Parties shall explore all commercially reasonable avenues available to avoid or resolve Force Majeure Events in the shortest time possible.

12.03 EXCLUSIONS

- (a) A Party shall not be entitled to invoke force majeure under this ARTICLE 12, nor shall it be relieved of its obligations hereunder in any of the following circumstances:
 - (i) if and to the extent the Party seeking to invoke Force Majeure has caused the applicable Force Majeure Event by its fault or negligence;
 - (ii) if and to the extent the Party seeking to invoke force majeure has failed to use reasonable efforts to prevent or remedy the Force Majeure Event and remove, so far as possible and within a reasonable time period, the Force Majeure Event (except in the case of strikes, lockouts and other labour disturbances, the settlement of which shall be wholly within the discretion of the Party involved);
 - (iii) if and to the extent that the Party seeking to invoke force majeure because of arrest or restraint by a Governmental Authority, such arrest or restraint was the result of a breach by such Party of Applicable Laws;
 - (iv) if the Force Majeure Event was caused by economic hardship, a lack of funds or other financial cause of a Party;
 - (v) if the Party invoking force majeure fails to comply with the notice provisions in Section 12.02, unless no undue prejudice is experienced by the Party being notified; or
 - (vi) if the failure to perform or comply with any of the covenants or obligations herein imposed upon a Party was caused by the acts or omissions of third Persons for which the Party is responsible, including any Affiliate of a Party, or any direct or indirect vendor, supplier or contractor of a Party, unless such acts or omissions are themselves caused by reason of a Force Majeure Event.

- (b) Notwithstanding Sections 12.01 and 12.02, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a Force Majeure Event shall be within the sole discretion of the Party involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in Sections 12.01 and 12.02 shall require the said Party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

ARTICLE 13 **DISPUTE RESOLUTION**

13.01 DISPUTES

Any controversy, dispute, difference, question or claim arising between the Parties in connection with the interpretation, performance, construction or implementation of this Agreement that cannot be resolved by a director or manager from each Party (collectively, a “Dispute”), shall be settled in accordance with this ARTICLE 13.

13.02 NOTICE OF DISPUTE

The aggrieved Party shall send the other Party written notice identifying the Dispute, the amount involved, if any, and the remedy sought, and invoking the procedures of this Article. A senior officer with authority to bind WCU, as selected by WCU in its discretion, and a senior officer with authority to bind Utilities, as selected by Utilities in its discretion, shall confer in an effort to resolve the Dispute. If the Dispute cannot be resolved in accordance with this Section 13.02 within thirty (30) days of the date the Dispute arose, the Dispute shall be resolved by binding arbitration in accordance with Sections 13.03 and 13.04.

13.03 APPOINTMENT OF ARBITRATOR

The Parties shall submit any arbitration under this Article to a single arbitrator agreed upon by both Parties. If the Parties cannot agree upon a single arbitrator within ten (10) days after the Dispute is referred to arbitration, either Party may apply to the Court for appointment of an Arbitrator pursuant to the *Arbitration Act, 1991* (Ontario) as amended from time to time. Any arbitrator selected or appointed to act under this Agreement shall be qualified by education, training and experience to pass on the particular question in Dispute and shall have no connection to either of the Parties other than acting in previous arbitrations.

13.04 ARBITRATION PROVISIONS & DIRECTIONS

The arbitration shall be conducted in accordance with the provisions of the *Arbitration Act, 1991* (Ontario). The arbitration shall be conducted in the City of Windsor, Ontario unless the Parties agree otherwise. The decisions of the arbitrator shall be made in writing and shall be final and binding on the Parties as to the questions submitted and the Parties shall have no right

of appeal therefrom. All costs and expenses relating to a Dispute which is finally determined or settled by arbitration, including reasonable legal fees, will be borne by the Party determined by the Arbitrator to be liable in respect of such Dispute; provided, however, that if complete liability is not assessed against only one Party, the Parties will share the total costs in proportion to their respective amounts of liability so determined by the Arbitrator. Notwithstanding the provisions to arbitrate any Dispute hereunder, either Party may seek from a court any equitable relief (including, without limitation, injunctive relief) that may be necessary to protect such Party's rights.

ARTICLE 14

GENERAL

14.01 CHANGES TRIGGERING NEGOTIATION OF AMENDMENTS

In the event that through amalgamation or otherwise, WCU or Utilities serves a materially larger or materially smaller populace, the Parties agree to negotiate diligently and in good faith any amendments to this Agreement necessary or advisable in connection with such event including the possibility of an early termination.

14.02 ASSIGNMENT

Neither Party shall, without the prior approval of the other Party which shall not be unreasonably withheld, assign or transfer its interest in this Agreement. Except as otherwise provided, this Agreement shall be binding on the Parties and their respective successors and permitted assigns. Any purported assignment in contravention of this section shall be void.

14.03 NOTICES

All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and addressed as follows:

- (a) if to Utilities:

787 Ouellette Avenue
P.O. Box 1625, Station "A"
Windsor, Ontario N9A 5T7
Attention: Corporate Secretary

Fax: (519) 255-2767

- (b) if to WCU:

787 Ouellette Avenue
P.O. Box 1625, Station "A"
Windsor, Ontario N9A 5T7
Attention: Corporate Secretary

Fax: (519) 255-2767

and may be delivered to the other Party's address by registered express mail or courier with the capacity to verify receipt of delivery. Any Party may change its address for notification purposes by giving the other Party notice of the new address and the date upon which it will become effective in accordance with the terms of this Section 14.03. A notice shall be deemed to have been received as of the date of receipt by the Party to whom the notice is addressed. The Parties also contemplate and approve delivery of notices and documents electronically by fax or by email, and subject to verification of receipt by the other Party, such notices and documents shall be deemed for all purposes to be original documents in writing.

14.04 SEVERABILITY

If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or contrary to law, then the remaining provisions of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each such remaining provision or remaining applicability of this Agreement shall be valid and enforceable to the extent permitted by law.

14.05 WAIVER

No delay or omission by a Party to exercise any right or power it has under this Agreement or to object to the failure of any covenant of any other Party to be performed in a timely and complete manner, shall impair any such right or power or be construed as a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the Party waiving its rights.

14.06 ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement among the Parties with respect to the Services, and there are no other representations, understandings or agreements, either oral or written, between the Parties other than as herein set forth.

14.07 AMENDMENTS

No amendment to, or change, waiver or discharge of any provision of this Agreement shall be valid unless in writing and signed by authorized Representatives of each Party.

14.08 GOVERNING LAW

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, excluding their rules governing conflicts of laws. Subject to ARTICLE 13, the Parties hereby agree that the courts of the Province of Ontario shall have exclusive jurisdiction over disputes under this Agreement, and the Parties agree that jurisdiction and venue in such courts is appropriate and irrevocably attach to the jurisdiction of such courts.

14.09 SURVIVAL

Section 4.01, Section 4.02, ARTICLE 5, ARTICLE 7, ARTICLE 8, Section 10.05, ARTICLE 11, ARTICLE 13, and Section 14.08 shall survive termination of this Agreement and shall remain in full force and effect.

14.10 THIRD PARTY BENEFICIARIES

Each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties.

14.11 COVENANT OF FURTHER ASSURANCES

The Parties agree that, subsequent to the execution and delivery of this Agreement and without any additional consideration, the Parties shall execute and deliver or cause to be executed and delivered any further legal instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder.

14.12 COVENANT OF FURTHER ASSURANCES

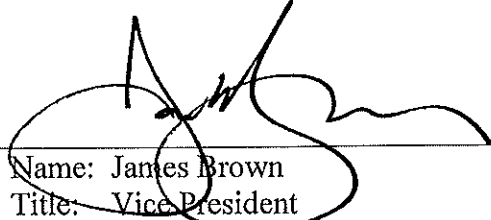
This Agreement may be executed in counterparts which, taken together, shall constitute a single instrument. Execution of this Agreement by facsimile, .pdf or electronic signature and transmitted by fax machine or electronic mail shall be treated in all manner and respects as an original document. Any such fax or e-mail document shall be considered to have the same binding legal effect as an original document.

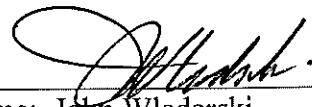
[Remainder of this page left intentionally blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above by their duly authorized signing officers in that regard.

SIGNED, SEALED AND DELIVERED

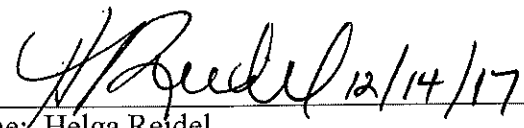
)
)
) **WINDSOR CANADA UTILITIES LTD.**
)
)
)


) 
)
) Name: James Brown
) Title: Vice President
)

) 
)
) Name: John Wladarski
) Title: Vice President & Chief Operating Officer
)

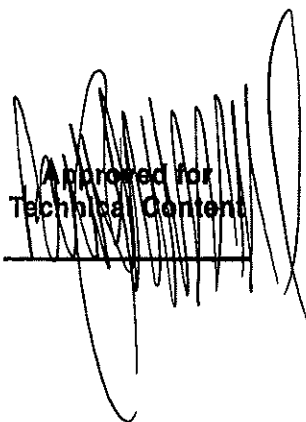
) *We have authority to bind Windsor Canada Utilities Ltd.*
)
)
)

) **ENWIN UTILITIES LTD.**
)
)
)

) 
)
) Name: Helga Reidel
) Title: President and CEO
)

) 
)
) Name: Byron Thompson
) Title: Vice President, Finance and CFO
)

) *We have authority to bind ENWIN Utilities Ltd.*
)


Approved for
Technical Content

SCHEDULE A
FORM OF SERVICE SCHEDULE

ENWIN UTILITIES LTD.

and

WINDSOR CANADA UTILITIES LTD.

MASTER SERVICES AGREEMENT

SERVICE SCHEDULE NUMBER __ [INSERT NUMBER]

This Service Schedule Number __ [Insert Number] dated _____ [Insert Date] is issued pursuant to, and subject to all the terms and conditions of the Master Services Agreement dated ■ (the “**Agreement**”) between *ENWIN* Utilities Ltd. and Windsor Canada Utilities Ltd. The issuer of this Service Schedule is _____ [Specify either Utilities or WCU] (the “**Recipient**”) and the Service provider is _____ [Specify either Utilities or WCU] (the “**Provider**”). The Parties agree that, except as otherwise expressly stated in this Service Schedule, this Service Schedule is governed by, and subject to all the terms and conditions of the Agreement.

Capitalized terms that are used but not otherwise defined in this Service Schedule shall have the meaning ascribed thereto in the Agreement.

1. Description of Services

The Provider shall deliver the following Services to the Recipient:

■ [Insert scope]

(collectively, the “**Scope of Services**”)

2. Schedule

Commencement Date: _____.

Anticipated Completion Date: _____.

3. Fees

In accordance with the Cost Recovery Methodology agreed to between the Parties and [Insert Option 1 or Option 2 below].

[OPTION 1 – Fixed Fee model][in consideration for the completion of the Scope of Services, the Recipient shall pay the Provider \$■. The Provider shall invoice the Recipient and the Recipient shall pay the Provider pursuant to the terms of the Agreement.]

[OPTION 2 – Hourly Fee model][in consideration for the completion of the Scope of Services, the Recipient will be compensated according to the rates set forth below:

The Provider estimates the Work will require ■ hours at a cost of \$■ per hour. Compensation for the Work, including reimbursable expenses shall not exceed \$■ without the Recipient's prior written approval.

The Provider shall invoice the Recipient and the Recipient shall pay the Provider pursuant to the terms of the Agreement. For reimbursable expenses, the Provider must furnish the Recipient approved time sheets and receipts for expenses.]

4. Representatives

All correspondence shall be directed to the following:

The Provider's representative for the Scope of Services is _____,
Address: _____. Telephone: _____.
Title: _____. Email: _____. **[Insert details.]**

The Recipient's representative for the Scope of Services is _____,
Address: _____. Telephone: _____.
Title: _____. Email: _____. **[Insert details.]**

5. Annual Review

The Services described in Section 1 above shall be subject to an annual review to be held by the Parties on or about each anniversary of the Commencement Date on the basis of the following performance metrics:

[Insert applicable performance metrics. Typical performance metrics would include: (i) Fee analysis (i.e., did actual costs exceed estimates and how this compares to prior years); (ii) results analysis to assess whether scope of work was fully complied with; and (iii) internal and external surveys to qualitatively assess performance and receive input on means of improving the delivery of Services in the future.]

6. Termination Notice Period

[Insert if applicable. Agreement provides for 90 days prior notice of the termination of any Services.]

7. Waiver of Specific Terms and Conditions of the Agreement

[Insert any terms and conditions of the Agreement that will not apply to the Services described in Section 1 above.]

8. Other Terms

[Insert any special provisions here (if required). For example, this Service Schedule may require additional insurance requirements, certain permitting requirements, training requirements, reporting requirements, credit support (e.g., letters of credit, bonds or a holdback), changes to the terms of the Warranty, etc.]

[Remainder of this page left intentionally blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above by their duly authorized signing officers in that regard.

ENWIN UTILITIES LTD.

WINDSOR CANADA UTILITIES LTD.

By: _____

By: _____

Name:

Name:

Title:

Title:

By: _____

By: _____

Name:

Name:

Title:

Title:

Date: _____

Date: _____

SEC - 9

Reference:

ELK Financials

Question:

Please file the December 31, 2024 financial statements of ELK Energy Inc.

Response:

Please see SEC – 9 – Attachment 1.

Non-Consolidated Financial Statements of

E.L.K. ENERGY INC.

And Independent Auditor's Report thereon

Year ended December 31, 2024

**KPMG LLP**

618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8
Canada
Telephone 519 251 3500
Fax 519 251 3530

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of E.L.K. Energy Inc.

Opinion

We have audited the non-consolidated financial statements of E.L.K. Energy Inc. (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2024
- the non-consolidated statement of comprehensive loss for the year then ended
- the non-consolidated statement of changes in equity for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2024, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Financial Reporting Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

June 23, 2025

E.L.K. ENERGY INC.

Non-Consolidated Statement of Financial Position

Year ended December 31, 2024, with comparative information for 2023

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5	\$ 997,027	\$ 3,810,528
Accounts receivable	6	6,409,710	4,220,637
Due from related parties	22	-	110,735
Income taxes receivable		364,273	359,366
Unbilled revenue		2,464,087	2,917,841
Inventory	7	464,664	462,196
Prepaid expenses		128,450	181,455
Total current assets		10,828,211	12,062,758
Non-current assets			
Investments	8	128,128	84,203
Intangible assets		-	65,492
Deferred tax assets	10	139,125	-
Property, plant and equipment	9	17,724,138	15,524,782
Total non-current assets		17,991,391	15,674,477
Total assets		28,819,602	27,737,235
Regulatory balances	11	4,297,907	3,428,723
Total assets and regulatory balances		\$ 33,117,509	\$ 31,165,958
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 4,924,778	\$ 3,435,187
Due to related parties	22	903,755	774,887
Customer deposits		755,958	2,081,263
Deferred revenue		1,376,409	2,194,321
Bank debt	13	4,105,029	1,487,619
Total current liabilities		12,065,929	9,973,277
Non-current liabilities			
Post-employment benefits	14	454,545	359,006
Deferred tax liabilities	10	-	146,958
Total non-current liabilities		454,545	505,964
Total liabilities		12,520,474	10,479,241
Equity			
Share capital	15	2,000,100	2,000,100
Contributed surplus		4,402,375	4,402,375
Retained earnings		4,045,676	5,117,401
Accumulated other comprehensive income		97,726	197,111
Total equity		10,545,877	11,716,987
Total liabilities and equity		23,066,351	22,196,228
Regulatory balances	11	10,051,158	8,969,730
Commitments and contingencies	21		
Total liabilities, equity and regulatory balances		\$ 33,117,509	\$ 31,165,958

See accompanying notes to the non-consolidated financial statements.

On behalf of the Board:

Director_____
Director

E.L.K. ENERGY INC.

Non-Consolidated Statement of Comprehensive Loss

Year ended December 31, 2024, with comparative information for 2023

	Notes	2024	2023
Revenue			
Sale of energy		\$ 33,501,980	\$ 24,074,549
Distribution revenue	16	3,730,757	3,846,793
Other	17	770,405	1,011,642
		38,003,142	28,932,984
Other expenses			
Cost of power purchased		33,871,987	22,178,152
Administration expenses		2,758,508	3,424,625
Distribution expenses	19	1,807,672	1,789,328
Depreciation and amortization		937,693	813,265
		39,375,860	28,205,370
Income (loss) from operating activities		(1,372,718)	727,614
Net finance income (expense)	20	(231,042)	242,777
Income (loss) before income taxes		(1,603,760)	970,391
Income tax recovery	10	(234,956)	(305,779)
Net income (loss) for the year		(1,368,804)	1,276,170
Net movement in regulatory balances, net of tax	11	297,079	(2,381,116)
Net loss for the year and net movement in regulatory balances		(1,071,725)	(1,104,946)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefits	14	(135,218)	1,589
Tax on remeasurement	10	35,833	(421)
Other comprehensive income (loss) for the year		(99,385)	1,168
Total comprehensive loss for the year		\$ (1,171,110)	\$ (1,103,778)

See accompanying notes to the non-consolidated financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated other comprehensive income	Total
Balance at January 1, 2023	\$ 2,000,100	\$ 4,402,375	\$ 6,222,347	\$ 195,943	\$ 12,820,765
Net loss and net movement					
in regulatory balances	-	-	(1,104,946)	-	(1,104,946)
Other comprehensive income	-	-	-	1,168	1,168
Balance at December 31, 2023	\$ 2,000,100	\$ 4,402,375	- 5,117,401	- 197,111	- 11,716,987
Balance at January 1, 2024	\$ 2,000,100	\$ 4,402,375	\$ 5,117,401	\$ 197,111	\$ 11,716,987
Net loss and net movement					
in regulatory balances	-	-	(1,071,725)	-	(1,071,725)
Other comprehensive loss	-	-	-	(99,385)	(99,385)
Balance at December 31, 2024	\$ 2,000,100	\$ 4,402,375	\$ 4,045,676	\$ 97,726	\$ 10,545,877

See accompanying notes to the non-consolidated financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities		
Net loss	\$ (1,071,725)	\$ (1,104,946)
Adjustments for:		
Depreciation and amortization	937,693	813,265
Amortization of deferred revenue	(434,249)	(430,434)
Post-employment benefits	(3,846)	(18,807)
Gain on sale of property, plant and equipment	-	-
Unrealized (gain) loss on investments	(43,925)	8,665
Income tax expense	(234,956)	(305,779)
	(851,008)	(1,038,036)
Changes in non-cash operating working capital:		
Accounts receivable	(2,189,073)	1,471,693
Due to/from related parties	239,603	(563,759)
Unbilled revenue	453,754	(501,084)
Inventory	(2,468)	62,253
Prepaid expenses	53,005	211,866
Accounts payable and accrued liabilities	1,489,591	(780,513)
Customer deposits	(1,325,305)	(98,372)
	(1,280,893)	(197,916)
Regulatory balances	212,244	3,014,700
Income tax paid	(56,033)	120,785
Net cash from operating activities	(1,975,690)	1,899,533
Investing activities		
Purchase of property, plant and equipment, net	(3,137,049)	(2,602,409)
Purchase of intangible assets	65,492	(65,492)
Contributions received (returned) from (to) customers	(383,664)	190,759
Net cash used by investing activities	(3,455,221)	(2,477,142)
Financing activities		
Increase (repayment) of bank debt	2,617,410	(498,434)
Net cash used by financing activities	2,617,410	(498,434)
Change in cash and cash equivalents	(2,813,501)	- (1,076,043)
Cash and cash equivalents, beginning of year	3,810,528	4,886,571
Cash and cash equivalents, end of year	\$ 997,027	\$ 3,810,528

See accompanying notes to the non-consolidated financial statements.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2024

1. Reporting entity:

E.L.K. Energy Inc. (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the Town of Essex. The address of the Corporation's registered office is 172 Forest Avenue, Essex, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in Essex, Harrow, Belle River, Comber, Kingsville and Cottam. The Corporation is wholly owned by the Municipality of the Town of Essex ("Town").

The financial statements are for the Corporation as at and for the year ended December 31, 2024.

2. Basis of preparation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS").

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on June 23, 2025.

(c) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(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.

(e) Use of estimates and judgements:

(i) Assumptions and estimation uncertainty:

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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.

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 years affected.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Basis of preparation (continued):

(e) Use of estimates and judgements:

(i) Assumptions and estimation uncertainty:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 3 (b) – measurement of unbilled revenue
- (ii) Note 9 – estimation of useful lives of its property, plant and equipment
- (iii) Note 11 – recognition and measurement of regulatory balances
- (iv) Note 14 – measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 21 – recognition and measurement of provisions and contingencies

(f) Rate regulation:

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and 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, and among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, 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, and serve customers in its licenced service area.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(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 LDC's 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.

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.

For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Basis of preparation (continued):

(f) Rate regulation (continued):

(ii) Rate applications (continued):

The Corporation last filed a COS application in 2022 for rates effective July 1, 2022. On October 11, 2023, the Corporation submitted an IRM Application to the OEB requesting approval to change distribution rates effective May 1, 2024. The IRM Application, which provided a mechanistic and formulaic adjustment to distribution rates and charges, was approved by the OEB on March 21, 2024. The GDP IPI-FDD for 2024 is 4.80%, the Corporation's productivity and stretch factors were 0.00%, resulting in a net adjustment of 4.80% to the previous year's rates.

(iii) Electricity rates:

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. In 2017, the OEB set new lower Regulated Price Plan (RPP) prices established under the *Ontario Fair Hydro Act, 2017*.

On May 9, 2019, the Government of Ontario enacted Bill 87, the *Fixing the Hydro Mess Act, 2019*. The legislation amended the *Ontario Rebate for Electricity Consumers Act, 2016* and the *Ontario Fair Hydro Plan Act, 2017*. Effective November 1, 2019, the OEB set electricity prices under the RPP based on the estimated cost to supply the province with electricity. The Ministry of Energy, Northern Development and Mines set the amount of the rebate under the *Ontario Rebate for Electricity Consumers Act, 2016* such that the monthly bill for a typical customer increased by the rate of inflation.

All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. Material accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(a) Financial instruments:

All financial assets and liabilities of the Corporation are classified into one of the following categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Investment	Fair value through profit or loss
Accounts payable and accruals	Amortized cost
Due to related parties	Amortized cost
Long-term borrowings	Amortized cost

The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Revenue for the Corporation is recognized when the Corporation satisfies the performance obligations within the contract(s) for conditions of service, which is when the distribution and delivery of electricity is achieved or specific services are performed.

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.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(b) Revenue recognition (continued):

Revenue is measured at the fair value of the consideration received or receivable, net of any taxes which may be applicable.

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.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies:

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of nine months to construct.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(d) Property, plant and equipment (continued):

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value 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. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
Buildings	50
Distribution and metering equipment	10 - 60
Other assets	5 – 15

(e) Impairment:

(i) Financial assets measured at amortized cost:

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.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(e) Impairment (continued):

(i) Financial assets measured at amortized cost (continued):

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies 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.

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" or "CGU"). The recoverable amount of an asset or CGU 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 CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, 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.

(f) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(g) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(h) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(i) Post-employment 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 pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides its retired employees with life insurance and medical benefits.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(j) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and dividend income.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, net interest expense on post-employment benefits and impairment losses on financial assets. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Material accounting policies (continued):

(k) 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.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss 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 in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(l) Investments:

The Corporation has designated its investment in the common shares of Sun Life Financial as fair value through the profit and loss and these instruments are recorded at market value as determined by quoted market prices. Realized and unrealized gains and losses as a result of disposition of shares and changes in fair value are recorded in the non-consolidated statement of comprehensive income in net finance income.

The investments in ELK Solutions Inc. and Gosfield North Communications are measured at cost.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Standards issued but not yet adopted:

The following standards, which are not yet effective for the year ended December 31, 2024, have not been applied in preparing these financial statements.

(i) Amendments to IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. Management of the Corporation anticipate that the application of these amendments may have an impact on the Corporation's financial statements in future periods.

5. Cash and cash equivalents:

	2024	2023
Bank balances - unrestricted	\$ 241,069	\$ 989,319
Bank balance - restricted	755,958	2,821,209
Cash and cash equivalents in the statements of cash flows	\$ 997,027	\$ 3,810,528

Restricted cash relates to customer security deposits.

6. Accounts receivable:

	2024	2023
Trade receivables	\$ 5,973,125	\$ 4,600,140
Other trade receivables	604,039	170,434
Allowance for doubtful accounts	(167,454)	(549,937)
	\$ 6,409,710	\$ 4,220,637

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. 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 2024 was \$352,208 (2023 - \$390,454).

Amounts written down due to obsolescence in 2024 was \$nil (2023 - \$nil).

8. Investments:

	2024	2023
Investment in the Class A common shares of E.L.K. Solutions Inc., at cost	\$ 100	\$ 100
Investment in Gosfield North Communications, at cost	1	1
Investment in the common shares of Sun Life Financial, at market	128,027	84,102
	\$ 128,128	\$ 84,203

9. Property, plant and equipment:

		Land and buildings		Distribution equipment		Other fixed assets		Total
<i>Cost or deemed cost</i>								
Balance at January 1, 2024	\$	242,187	\$	18,943,919	\$	2,790,197	\$	21,976,303
Additions		82,446		2,362,486		692,117		3,137,049
Disposals		—		—		—		—
Balance at December 31, 2024	\$	324,633	\$	21,306,405	\$	3,482,314	\$	25,113,352
Balance at January 1, 2023	\$	193,581	\$	17,229,117	\$	1,951,196	\$	19,373,894
Additions		48,606		1,714,802		839,001		2,602,409
Disposals		—		—		—		—
Balance at December 31, 2023	\$	242,187	\$	18,943,919	\$	2,790,197	\$	21,976,303
<i>Accumulated depreciation</i>								
Balance at January 1, 2024	\$	84,814	\$	5,377,149	\$	989,558	\$	6,451,521
Depreciation		14,476		646,341		276,876		937,693
Disposals		—		—		—		—
Balance at December 31, 2024	\$	99,290	\$	6,023,490	\$	1,266,434	\$	7,389,214
Balance at January 1, 2023	\$	71,648	\$	4,777,818	\$	788,790	\$	5,638,256
Depreciation		13,166		599,331		200,768		813,265
Disposals		—		—		—		—
Balance at December 31, 2023	\$	84,814	\$	5,377,149	\$	989,558	\$	6,451,521
<i>Carrying amounts</i>								
At December 31, 2024	\$	225,342	\$	15,282,915	\$	2,215,881	\$	17,724,138
At December 31, 2023	\$	157,373	\$	13,566,770	\$	1,800,639	\$	15,524,782

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Income tax expense:

Current year tax expense:

	2024	2023
Current year	\$ (234,956)	\$ (305,779)

Significant components of the Corporation's deferred tax balances are as follows:

	2024	2023
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (1,395,286)	\$ (1,421,139)
Cumulative eligible capital	22,399	25,890
Non-capital losses	1,050,536	512,286
Post-employment benefits	120,454	95,137
Deferred revenue	364,748	581,495
Other	(23,726)	59,373
	\$ 139,125	\$ (146,958)

11. Regulatory balances:

Reconciliation of the carrying amount for each class of regulatory balances

Regulatory deferral account debit balances	January 1, 2024	Additions	Recovery/ reversal	December 31, 2024
Group 1 deferred accounts	\$ 919,880	\$ 3,763,708	\$ (2,628,144)	\$ 2,055,444
Other regulatory account	1,311,824	(595)	–	1,311,229
Regulatory settlement account	811,690	20,298	–	831,988
Income tax	385,329	–	(286,083)	99,246
	\$ 3,428,723	\$ 3,783,411	\$ (2,914,227)	\$ 4,297,907

Regulatory deferral account debit balances	January 1, 2023	Additions	Recovery/ reversal	December 31, 2023
Group 1 deferred accounts	\$ 8,740,764	\$ 3,250,200	\$(11,071,084)	\$ 919,880
Other regulatory account	777,683	572,302	(38,161)	1,311,824
Regulatory transition to IFRS	21,602	–	(21,602)	–
Regulatory settlement account	369,542	442,148	–	811,690
Income tax	595,055	–	(209,726)	385,329
	\$10,504,646	\$ 4,264,650	\$(11,340,573)	\$ 3,428,723

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2024	Additions	Recovery/ reversal	December 31, 2024
Group 1 deferred accounts	\$ 7,179,198	\$ (2,716,589)	\$ 3,797,881	\$ 8,260,490
Other regulatory account	159,510	—	—	159,510
Income tax	343,249	—	—	343,249
Regulatory settlement account	1,287,773	(136)	272	1,287,909
	\$ 8,969,730	\$ (2,716,725)	\$ 3,798,153	\$ 10,051,158

Regulatory deferral account credit balances	January 1, 2023	Additions	Recovery/ reversal	December 31, 2023
Group 1 deferred accounts	\$ 11,126,471	\$ 2,783,164	\$ (6,730,437)	\$ 7,179,198
Other regulatory account	181,112	—	(21,602)	159,510
Income tax	343,249	—	—	343,249
Regulatory settlement account	1,380,121	76,827	(169,175)	1,287,773
	\$ 13,030,953	\$ 2,859,991	\$ (6,921,214)	\$ 8,969,730

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2024, the rate was 5.49% in the first quarter, 5.49% in the second quarter, 5.20% in the third quarter, and 4.40% in the fourth quarter (in 2023, was 4.73% in the first quarter, 4.98% in the second quarter, 4.98% in the third quarter, and 5.49% in the fourth quarter).

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Accounts payable and accrued liabilities:

	2024	2023
Trade payables	\$ 1,346,772	\$ 2,215,321
Accrued expenses	3,578,006	1,219,866
	<u>\$ 4,924,778</u>	<u>\$ 3,435,187</u>

13. Bank debt:

(a) Bank debt consists of:

	2024	2023
Four year term loan with interest rate of 5.091% (2023 – 1.13%) repayable in full on or before maturity of July 2026, secured by a general security agreement	\$ 4,105,029	\$ 1,487,619

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2024	2023
Bank debt, balance at January 1	\$ 1,487,619	\$ 1,986,053
Increase (repayment) of bank debt	2,617,410	(498,434)
Balance, December 31	<u>\$ 4,105,029</u>	<u>\$ 1,487,619</u>

14. Post-employment benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2024, the Corporation made employer contributions of \$232,605 to OMERS (2023 - \$215,257).

As at December 31, 2024, OMERS had over 612,000 members, of whom 21 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2024, which reported that the plan was 98% funded (2023 - 97%).

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Post-employment benefits (continued):

(b) Post-employment benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and measurements recognized for post-employment benefit plans. The most recent valuation was completed December 31, 2024.

Reconciliation of the obligation	2024	2023
Defined benefit obligation, beginning of year	\$ 359,006	\$ 378,981
Included in profit or loss		
Current service cost	1,844	2,276
Interest cost	14,927	18,038
	16,771	20,314
Included in OCI		
Actuarial gain arising from:		
changes in demographic and		
financial assumptions	135,218	(1,589)
Benefit payments	(56,450)	(38,700)
Defined benefit obligation, end of year	\$ 454,545	\$ 359,006

Actuarial assumptions	2024	2023
General inflation	2.25%	2.25%
Discount (interest) rate	4.40%	4.50%
Medical costs	5.50%	6.50%
Dental costs	4.00%	4.00%

A 1% increase in the assumed medical trend rate would result in the defined benefit obligation increasing by \$13,000. A 1% decrease in the assumed medical trend rate would result in the defined benefits obligation decreasing by \$13,000.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Share capital:

	2024	2023
Authorized:		
Unlimited number of common shares		
Issued:		
30,000 common shares	\$ 2,000,100	\$ 2,000,100

16. Distribution revenue:

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other revenue consists of services provided to related parties and other income. Additional information is provided in note 17 with components of other income.

In the following table, distribution revenue is disaggregated by type of customer:

	2024	2023
Residential	\$ 2,521,208	\$ 2,531,773
Commercial	487,409	489,615
Large users	617,678	715,973
Other	104,462	109,432
Total distribution revenue	\$ 3,730,757	\$ 3,846,793

17. Other revenue:

	2024	2023
Rendering of services	\$ 267,425	\$ 547,476
Contributions received from customers	434,249	430,434
Rental income	68,731	33,732
	\$ 770,405	\$ 1,011,642

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Employee salaries and benefits:

	2024	2023
Salaries, wages and benefits	\$ 2,269,616	\$ 2,239,332
CPP and EI remittances	115,773	75,415
Contributions to OMERS	232,605	215,257
Post-employment benefit plans	37,506	30,273
	<u>\$ 2,655,500</u>	<u>\$ 2,560,277</u>

19. Distribution expenses:

	2024	2023
Labour	\$ 354,639	\$ 350,245
Materials, supplies, maintenance	1,298,495	1,286,029
Other	154,538	153,054
	<u>\$ 1,807,672</u>	<u>\$ 1,789,328</u>

20. Finance income and costs:

	2024	2023
Finance income		
Late payment charges	\$ 75,514	\$ 42,139
Interest income on bank deposits	207,003	319,728
Interest income on regulatory debit balances	141,641	79,684
Unrealized gain on investments	43,925	-
	<u>468,083</u>	<u>441,551</u>
Finance cost		
Interest expense on bank debt	159,359	94,514
Interest expense on regulatory credit balances	70,519	75,622
Unrealized loss on investments	-	8,664
Other	469,247	19,974
	<u>699,125</u>	<u>198,774</u>
Net finance income (expense) recognized in profit or loss	<u>\$ (231,042)</u>	<u>\$ 242,777</u>

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

21. Commitments and 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 Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2024, no assessments have been made.

22. Related party transactions:

(a) Parent and ultimate controlling party:

The sole shareholder of the Corporation is the Municipality of the Town of Essex. The Town produces consolidated financial statements that are available for public use.

(b) Outstanding balances due from (due to) with related parties:

	2024	2023
Subsidiary, receivable	\$ –	\$ 110,735
Subsidiary payable	(903,755)	–
Parent company payables	\$ –	\$ (774,887)

(c) Transactions with parent:

During the year, the Corporation provided services in the normal course of business to its parent in the amount of \$nil (2023 - \$405,994).

The Corporation delivers electricity to the Town throughout the year for the electricity needs of the Town and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Town, including streetlight maintenance services and sentinel lights. The water and waste water billing and customer care services were transferred back to the Town as of January 1, 2024.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

22. Related party transactions (continued):

(d) Transactions with entity with significant influence:

In the ordinary course of business, the Corporation delivers electricity to the Town of Essex. Electricity is billed to the Town at prices and under terms approved by the OEB, if applicable.

(e) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	2024	2023
Directors' fees	\$ 77,267	\$ 19,887
Salaries and other short-term benefits	236,769	442,291
	\$ 314,036	\$ 462,178

23. Financial instruments and risk management:

Fair value disclosure:

The carrying values of cash and cash equivalents, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits and bank loan approximates fair value because the amounts are payable on demand.

Financial risks:

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could 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 Town of Essex, Lakeshore and Kingsville. No single customer accounts for a balance in excess of 1% of total accounts receivable.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

23. Financial instruments and risk management (continued):

(a) 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 profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2024 is \$167,454 (2023 - \$549,937). An impairment reversal of \$382,483 (2023 – loss of \$14,545) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. As a result of the COVID-19 pandemic, certain of the Corporation's customers have experienced loss of employment, business shut-downs and other disruptions. The extension of the OEB's winter disconnection ban negatively impacted the Corporation's ability to exercise the full extent of its collection tools to manage the credit risk. To support residential and small business customers struggling to pay their energy bills, the Government of Ontario provided funding for the COVID-19 Energy Assistance Program ("CEAP"). The Corporation was allocated a portion of this funding and actively participated in the program. As at December 31, 2024, approximately \$205,000 (2023 - \$756,000) is considered 60 days past due. The Corporation has over 12,700 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2024, the Corporation holds security deposits in the amount of \$755,958 (2023 - \$2,081,263).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2024 would have increased interest expense on the long-term debt by approximately \$41,000 (2023 - \$17,000), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

23. Financial instruments and risk management (continued):

(c) 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 exposure. The Corporation has access to a \$3.6 million credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due.

The majority of accounts payable, as reported on the statement of financial position, are due within 30 – 60 days.

(d) 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. As at December 31, 2024, shareholder's equity amounts to \$10,545,877 (2023 - \$11,716,987).

SEC - 10

Reference:

ELK Financials, p.2

Question:

Please explain why the Administration Expenses portion of OM&A was allowed to reach 66% of the total. Please describe the extent, if any, to which that high cost is associated with unregulated services being provided by the utility. To the extent that the Admin ratio has increased or decreased in 2024, please describe the reasons for that change.

Response:

The Administration Expenses portion of OM&A reached 66% of the total in 2023 due to a combination of one-time and ongoing factors that temporarily elevated administrative costs:

- **Initiation of the MSA Agreement:** Starting in 2023, E.L.K. entered into a Management Services Agreement that involved monthly fixed payments to Entegrus which increased administrative costs.
- **Staffing Changes:** Five contract staff were hired in 2023 in either full-time or part-time roles. Three additional incremental FTEs were added.
- **Outsourcing of Billing Services:** The customer billing functions were outsourced starting in 2023, which introduced external service costs that were not previously incurred by E.L.K.
- **Accruals for Termination of Staff:** These non-recurring costs were unexpected in the year.
- **Health and Safety:** Increased investments in E.L.K.'s health and safety department were made.
- **Increase in Bad Debts:** There was a higher than expected allocation of uncollected revenues that had an impact on administration costs.

E.L.K.'s 2024 Financial Statements have been provided in response to SEC-9.

In 2024, the Administration Expenses ratio has decreased due to a number of cost-saving measures and the elimination of one-time costs from the prior year:

- **Billing Services Returned In-House:** Bringing billing services back in-house reduced third-party expenses.
- **Contract Staff Reduced to Two:** Only the continuation of the required contract staff remained throughout 2024. This reduced administration costs.
- **Termination Agreements Concluded:** The agreements were completed six months into 2024 allowing for a reduction in costs.
- **Improved Collections:** An increased focus on customer collections allowed for the bad debt expense to be reduced.
- **Overall Cost Discipline:** Tightened spending controls were implemented in response to cash flow constraints, reducing unnecessary administrative expenses.

The adjustments made have brought the Administrative Expense ratio closer to sustainable levels, reflecting a more balanced allocation of OM&A costs.

These factors were associated with regulated operations. There is no indication that these elevated administrative expenses were driven by unregulated services.

VECC - 1

Reference:

EB-2024-0015, ELK_APPL_2025IRM_20241028, p.12

“On March 13, 2023, the E.L.K Board of Directors signed a Management Services Agreement (“MSA”) with Chatham-based Entegrus Inc. (“Entegrus”) to provide E.L.K. with management support. Since that time, multiple renewals of the MSA have occurred and the MSA is currently extended to December 20, 2024.”

Question:

- a) Is ENWIN Utilities or any related company currently providing management services for E.L.K.? If yes please explain the nature of these services and how they are charged to E.L.K.
-

Response:

- a) ENWIN is not currently providing management services to E.L.K. WCUL has offered to provide advisory and consulting services to E.L.K on an as and when requested basis until the closing date or termination of the Purchase and Sale Agreement. Services provided by competitive affiliates of ENWIN to any third party, whether to E.L.K. or otherwise, are not relevant to the matters at issue in this application.

VECC - 2

Reference:

Application, pp.6-7 / 17-18 / 20

“WCUL is not proposing a deferred rebasing period as part of the Phase 1 application as both E.L.K. Energy and ENWIN Utilities will be operated separately and rebased as scheduled. A deferred rebasing period may be proposed as part of Phase 2 for the combined utilities, however the proposed deferred rebasing period in Phase 2 will not exceed 10 years after the OEB approval of this Phase 1 application.

WCUL proposes that following the Phase 1 Transaction (which includes the independent rebasing of each utility), ENWIN Utilities and E.L.K. Energy be permitted to continue to operate as independent utilities until the Phase 2 MAADs application is filed. During this time, ENWIN Utilities would provide services to E.L.K. Energy pursuant to a services agreement and E.L.K. Energy would continue to operate independently as a separate utility.

WCUL proposes that following the Phase 1 Transaction ENWIN Utilities and E.L.K. Energy Inc. continue to operate as separate and distinct LDCs. E.L.K. Energy would receive services from ENWIN Utilities pursuant to an Affiliate Relationships Code compliant services agreement; ENWIN Utilities would otherwise continue to operate its business as usual.”

Question:

- a) Should this application be approved (i.e. Phase 1) will E.L.K. continue be operated and managed solely by employees of E.L.K?
- b) If not please explain how ENWIN Utilities or any of its affiliates will be supporting E.L.K's management and operations responsibilities. Specifically address if staff of E.L.K. will be employees of E.L.K

Response:

- a) Should this application be approved, it is intended that E.L.K. will continue to operate as a stand-alone entity with its own employees. Management services may also be provided by ENWIN to support E.L.K. in its management and

operations. The provision of management services will assist E.L.K. with its day-to-day operations and avoid the need to replace certain executive roles at E.L.K. (which are currently unfilled), resulting in the potential for sustained cost savings and improvements in overall performance.

b) See response to a) above.

VECC - 3

Reference:

Application, pp.6-7

“On January 12, 2024, ENWIN Utilities filed a letter requesting a 3-year deferral to reschedule its next rebasing application for rates to be effective January 1, 2028.³ The OEB approved ENWIN Utilities’ rebasing of its rates beyond the 2025 rate year for three years and request to extend its Price Cap IR rate setting term until rebasing on March 5, 2024. As a result, ENWIN Utilities has not been before the Board for a cost of service application in five (5) years (EB-2019-0032). WCUL is not proposing a deferred rebasing period as part of the Phase 1 application as both E.L.K. Energy and ENWIN Utilities will be operated separately and rebased as scheduled. A deferred rebasing period may be proposed as part of Phase 2 for the combined utilities, however the proposed deferred rebasing period in Phase 2 will not exceed 10 years after the OEB approval of this Phase 1 application.”

Question:

- a) Please provide both the letter requesting the deferral of cost of service rates and the Board’s response.
 - b) At the time of requesting deferral was ENWIN Utilities or any of its affiliates in negotiation for the acquisition of E.L.K.?
-

Response:

- a) Please see VECC-3-Attachment 1 and VECC-3-Attachment 2.
- b) No.



January 12, 2024

Ms. Nancy Marconi, Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

via Email

Dear Ms. Marconi,

**Re: ENWIN Utilities Ltd.
2025 Cost of Service Rate Application Deferral Request**

On December 15, 2023, the Ontario Energy Board ("OEB") issued a letter which outlined a preliminary schedule of electricity distributors ("Distributors") that are scheduled to file a Cost of Service (or "Rebasing") rate application for the years 2025 to 2028.

The letter requested that any Distributor included on the 2025 Rebasing list that planned to request to defer Rebasing submit a request by January 26, 2024.

ENWIN Utilities Ltd. ("ENWIN") last filed a Cost of Service rate application for rates effective January 1, 2020 (EB-2019-0032), and is currently scheduled to file its next Cost of Service rate application for rates effective January 1, 2025. For the reasons that follow, ENWIN is hereby requesting a 3-year deferral to reschedule its next Rebasing application for rates to be effective January 1, 2028.

Background

In a letter dated December 1, 2021 regarding Applications for 2023 Electricity Distribution Rates¹, the OEB communicated its revised approach to Cost of Service deferral requests. Amongst other items, the OEB noted that when considering a deferral request, the OEB would look at both financial and non-financial performance, which would include consideration of information about return on equity and recent capital expenditures, as well as the Distributor's OEB Scorecard performance. The OEB allows Cost of Service deferrals of up to three years, such that Distributors would rebase no later than eight years after their last Rebasing.

¹ OEB Letter, Re: Applications for 2023 Electricity Distribution Rates, dated December 1, 2021: <https://www.oeb.ca/sites/default/files/OEBltr-List-of-2023-Rebasers-20211201.pdf>.

In support of its deferral request, ENWIN has provided information related to each of these considerations below.

Financial Performance

Return on Equity

The table below outlines ENWIN's regulated return on equity ("ROE") since its last Rebasing in 2020.

Year	2020	2021	2022
Achieved ROE	5.25%	9.38%	10.78%
Approved ROE	8.52%	8.52%	8.52%
Variance	(3.27%)	0.86%	2.26%

ENWIN notes its achieved ROE has been within the OEB's 300 basis point target range of its approved ROE (8.52%) for all but one year (2020). The 2020 ROE was below the target range primarily due to the one-time impact of certain rate riders stemming from ENWIN's 2020 Cost of Service that reduced distribution revenue in that year. ENWIN's average achieved ROE over this three-year period is 8.47%, and ENWIN is also forecasting that its ROE for 2023 will remain within the 300 basis point target range.

Recent Capital Expenditures

ENWIN has continued to make progress on its capital plans outlined in its 2020 – 2024 Distribution System Plan ("DSP"), despite the challenges brought about by the COVID-19 pandemic and related global supply chain issues. Based on the OEB Scorecard measure of actual capital spend vs. planned, as of 2022 year-end, ENWIN had completed 54% of its planned spend and remains on track to complete the core components of the five-year DSP. ENWIN also expects that the funding envelopes provided by the annual Price Cap IR rate increases during the requested 2025-2027 deferral period will remain sufficient to satisfy its ongoing capital needs until its next Rebasing.

Total Cost Benchmarking

ENWIN's efficiency performance has been improving year over year since 2014 in the Pacific Economics Group total cost benchmarking report. In 2023, ENWIN maintained its position in the Group 2 cohort, which is indicative of continued strong cost performance, with actual costs being more than 15% below predicted costs.

ENWIN expects that it will be able to maintain its efficiency performance during the proposed deferral period, while continuing to provide safe, reliable and high-quality service to customers.

Non-Financial Performance

ENWIN has continued to maintain strong OEB Scorecard results that have mostly met or exceeded both industry and Distributor targets (where such targets are established).

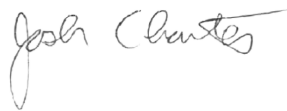
ENWIN has attached its most recent OEB Scorecard and Management Discussion & Analysis (Appendix "A"), which provides an overview of its recent performance and trending, as well as Management's discussion on the results. ENWIN remains committed to ongoing strong performance and continuous improvement going forward.

Conclusion

For the reasons stated above, ENWIN respectfully requests that the OEB approve its request to extend its Price Cap IR rate setting term and defer its next Cost of Service rate application for a 3-year period. When considering its forecast of continued stable financial performance under Price Cap IR rate setting, and the additional time and resources required to prepare a Cost of Service rate application, ENWIN believes that deferring its Cost of Service at this time is in the best interest of both the utility and its customers. ENWIN would therefore intend to file its next Cost of Service rate application for rates effective January 1, 2028.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,



Josh Charles, CPA, CA
Manager, Regulatory Affairs
ENWIN Utilities Ltd.

Cc: Garry Rossi, President & CEO, ENWIN Utilities Ltd.
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Encls: Appendix "A" – ENWIN Utilities Ltd. 2022 OEB Electricity Distributor Scorecard

Appendix “A”

ENWIN Utilities Ltd. 2022 OEB Electricity Distributor Scorecard

									Target	
Performance Outcomes	Performance Categories	Measures	2018	2019	2020	2021	2022	Trend	Industry	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	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%	
		Scheduled Appointments Met On Time	99.71%	99.94%	100.00%	100.00%	99.97%	⬆	90.00%	
		Telephone Calls Answered On Time	76.93%	77.19%	64.74%	58.90%	65.76%	⬇	65.00%	
	Customer Satisfaction	First Contact Resolution	98.63%	98.74%	99.10%	99.27%	99.18%			
		Billing Accuracy	99.72%	99.97%	99.95%	99.96%	98.49%	⬇	98.00%	
		Customer Satisfaction Survey Results	86%	88%	88%	86%	86%			
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	82.00%	82.00%	82.00%	81.00%	81.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C
		Serious Electrical Incident Index	0	1	1	0	0	➡		1
			Rate per 10, 100, 1000 km of line	0.000	0.214	0.213	0.000	➡		0.311
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	1.11	0.88	0.86	0.86	0.63	⬇		0.88
		Average Number of Times that Power to a Customer is Interrupted ²	2.22	2.23	2.11	1.68	1.03	⬇		1.90
	Asset Management	Distribution System Plan Implementation Progress	97.3%	100.4%	85.6%	76.8%	107.1%			
	Cost Control	Efficiency Assessment	3	3	3	2	2			
		Total Cost per Customer ³	\$717	\$709	\$692	\$675	\$717			
		Total Cost per Km of Line ³	\$13,660	\$13,539	\$13,236	\$12,989	\$13,854			
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).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time ⁴	57.14%		50.00%	100.00%				
		New Micro-embedded Generation Facilities Connected On Time	100.00%	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)	2.24	2.13	2.07	2.18	2.03			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.78	0.75	0.76	0.69	0.57			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.01%	8.01%	8.52%	8.52%	8.52%		
			Achieved	4.35%	3.72%	5.25%	9.38%	10.78%		

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. 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. Value displayed for 2021 reflects data from the first quarter, as the filing requirement was subsequently removed from the Reporting and Record-keeping Requirements (RRR).

Legend:

5-year trend

⬆ up ⬇ down ➡ flat

Current year

● target met ● target not met

2022 Scorecard Management Discussion and Analysis (“2022 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 2022 Scorecard MD&A:

<http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf>

Scorecard MD&A - General Overview

ENWIN Utilities Ltd. (“ENWIN”) owns and operates the electrical distribution network in the City of Windsor, encompassing a service area of approximately 121 square kilometers. As of the end of 2022, ENWIN served approximately 91,400 customers.

2022 brought a sense of optimism, as trends indicated that the effects of the COVID-19 pandemic were beginning to lessen in our community. While challenges still remained that had to be overcome, 2022 was a very active year with many notable accomplishments. ENWIN’s 2022 scorecard results are very positive, scoring at or above industry and distributor targets (where such targets are established) in the performance categories of Service Quality, Customer Satisfaction, Safety, System Reliability and Connection of Renewable Generation. ENWIN continued to focus on providing quality customer service, scoring 86% on its Customer Satisfaction Survey Results and over 99% on First Contact Resolution. ENWIN was pleased that through focused efforts, it was able to improve its Telephone Calls Answered on Time performance, returning to a level of performance that is in line with the industry target. ENWIN also welcomed the opportunity to re-engage with the community, volunteering at various community events such as Meet a Machine and offering assistance through its Community Support Program.

ENWIN maintained focus on the safety and reliability of the electricity it supplies to customers, balancing keeping costs as low as possible while maintaining system reliability. ENWIN continued efforts to minimize both the number of outages that customers experience and the length of time the power is out. ENWIN’s actual 5-year average number of hours that power is interrupted was 0.87 hours per year, and the number of times that power is interrupted was 1.85 times per year. These results are illustrative of ENWIN’s successful ongoing efforts to maintain system reliability, as well as the impact of strategic investments in the renewal and modernization of our electricity distribution infrastructure.

ENWIN remains committed to ongoing strong performance and continuous improvement beyond 2022, continuing to innovate and establishing itself as a leader within the Windsor Essex-County community.

Service Quality

- **New Residential/Small Business Services Connected on Time**

In 2022, ENWIN connected 100% of its 744 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 Electrical Safety Authority (“ESA”) Authorization, providing instant notification to the 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 OEB’s five-day timeline cannot be met by the regular service crews.

- **Scheduled Appointments Met On Time**

When either a customer requests an appointment with ENWIN or ENWIN requests an appointment with a customer, ENWIN must schedule the appointment during regular hours of operation, within a four-hour time window, and an ENWIN representative must arrive for the appointment within the scheduled timeframe. In 2022, ENWIN met its appointment targets for all but one of its 3,812 appointments scheduled for an overall result of 99.97% of appointments met on time. This result exceeds the OEB industry target set at 90% of appointments met on time and is consistent with ENWIN’s historical strong performance.

- **Telephone Calls Answered On Time**

ENWIN received just over 92,000 customer calls in 2022. Of those calls, ENWIN answered 65.76% of the calls within 30 seconds, which is above the OEB mandated target of 65%.

ENWIN continues to focus on this area by optimizing staffing to assist with meeting service levels, as the post-pandemic challenges of recruitment, retention and ongoing training needs in an increasingly competitive job market continue to impact the workforce. In response to evolving customer needs and preferences, ENWIN is exploring digital solutions to offer enhanced alternative service options for customers, to supplement telephone services and allow customers to choose their preferred method of obtaining information and interaction.

Customer Satisfaction

- **First Contact Resolution**

In 2022, ENWIN was able to successfully resolve 99.18% of calls during the customer’s initial contact, maintaining an average over the past three years of over 99%. ENWIN places a high value on quality training and service delivery, ensuring that customer needs are fully met before the customer interaction concludes.

- **Billing Accuracy**

During the period of January 1 to December 31, 2022, ENWIN issued over one million customer bills, and achieved a billing accuracy result of 98.49%, exceeding the OEB's industry target of 98%.

ENWIN understands the importance of getting bills right the first time, and has built-in validations to the billing process, including bill review prior to mailing and extensive testing and validation after rate changes are made.

- **Customer Satisfaction Survey Results**

ENWIN utilizes a third party to conduct annual customer satisfaction surveys and reports the "Customer Experience Performance Rating" ("CEPr") for its customer satisfaction scorecard metric, assisting customers in quantifying and comparing ENWIN's performance each year. Factors that are considered as part of the overall CEPr include understanding customer expectations, providing timely issue resolution, providing prompt and accurate responses and ease of engagement.

In 2022, ENWIN maintained a CEPr rating of 86%, which is above the National average of 83% and the Ontario average of 82% based on other electricity distributors surveyed by ENWIN's third party survey provider.

ENWIN places a high value on the feedback it receives from its customers. Since 2018, ENWIN has conducted customer satisfaction surveys annually, which exceeds the minimum requirement established by the OEB to conduct customer satisfaction surveys once every two years. ENWIN reviews the data gathered in its customer satisfaction surveys to help drive decision making and to continuously improve ENWIN's customer experience. For example, ENWIN updates its Customer Value Map each year based on insights gained from its customer satisfaction surveys, and it develops a list ranking the services most preferred by ENWIN's customers. ENWIN uses this list to prioritize future ENWIN initiatives and is currently in the process of website and mobile application redevelopment based on customer feedback.

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 and achieved an overall score of 81%. ENWIN also engaged in Public Service Announcements through radio broadcasting on electrical safety topics, including seasonal themes. ENWIN continued its partnership with Windsor's Ontario Hockey League team, the Windsor Spitfires, which provided messaging to the public during the games on powerplays, during the AM800 broadcast of games and on social media. ENWIN's social media also regularly promotes safety messaging provided by the ESA as well as unique content created by ENWIN. ENWIN will continue to support and provide education and training to the 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) (the “Regulation”). This continued achievement is reflective of ENWIN’s strong commitment to safety and its adherence to company procedures, policies and the Regulation itself.

The Regulation establishes objective-based electrical safety requirements for design, construction and maintenance of electrical distribution systems owned by licensed distributors. More specifically, the Regulation requires the approval of equipment, plans, specifications and the inspection of construction before it is put into service. The ESA also performs Due Diligence Inspections throughout the year to ensure utilities remain compliant with the objectives set out in the Regulation.

ENWIN retained a third party to conduct an independent compliance audit, which concluded that ENWIN has developed and implemented key processes and guidelines relevant to the Regulation and recommended that ENWIN continue to maintain its current processes and guidelines. The Due Diligence Inspections performed by the ESA concluded with zero non-compliances, nine needs improvement, two safety-related observations and two miscellaneous observations identified. In summary, ENWIN has successfully completed its 2022 ESA audit cycle, achieving full compliance with the Regulation.

○ **Component C – Serious Electrical Incident Index**

ENWIN did not experience any Serious Electrical Incidents, as defined in the Regulation, between January 1, 2021 to December 31, 2021, which is the period of time used to calculate performance for this component. Accordingly, the calculated rate of incidents per 1000 km of line is 0.000 for this period. These figures are below the OEB’s target of no more than one Serious Electrical Incident and an incident rate of 0.311 per 1000 km of line as reflected on the OEB Scorecard. In an ongoing effort to prevent incidents, ENWIN continues its broad-based approach to delivering public safety messages through radio, bill inserts, and media releases, in addition to social media and public events.

System Reliability

● **Average Number of Hours that Power to a Customer is Interrupted**

ENWIN’s adjusted System Average Interruption Duration Index (“SAIDI”, which is the average number of hours power to a customer is interrupted) for 2022 was 0.63 hours (37.8 minutes). This was a decrease from the 2021 adjusted SAIDI value of 0.86 hours (51.6 minutes); is below the Distributor Target of 0.88 hours (52.8 minutes); and is below the Distributor’s 5-year historical average value of 0.87 hours (52.2 minutes). Overall, ENWIN’s SAIDI has decreased over the past three years, from 0.86 in 2020 and 2021 to 0.63 in 2022. Between 2021 and 2022, ENWIN’s SAIDI value has dropped due to a reduction in tree contacts and scheduled outages. ENWIN crews have remained diligent over 2022 to ensure that power to customers was restored promptly. In 2022, ENWIN experienced two Major Event Days caused by ice and thunderstorms. ENWIN is committed to continued investments in system automation and modernization that enable ENWIN to restore power as soon as possible, as well as proactive investment in the replacement of end-of-life equipment. As such, excluding Loss of Supply, Adverse Weather accounted for the highest proportion of hours of interruption, followed by Scheduled Outages

and Defective Equipment.

- **Average Number of Times that Power to a Customer is Interrupted**

In 2022, ENWIN's adjusted System Average Interruption Frequency Index ("SAIFI", which is the average number of times power is interrupted) was 1.03 interruptions. This figure has decreased from the 2021 SAIFI value of 1.68 interruptions; is lower than the 5-year historical average value of 1.85 interruptions; and is lower than the Distributor Target of 1.90 interruptions. Over the past 3 years, ENWIN has shown significant improvement in this area, from 2.11 interruptions in 2020, to 1.68 interruptions in 2021, finally to 1.03 interruptions in 2022. ENWIN continues to take steps to ensure that the number of outages experienced by Customers are as low as possible. In 2022, excluding Loss of Supply, Adverse Weather accounted for the highest proportion of the number of times that power to a customer was interrupted, up from 0.25 in 2021 to 0.42 interruptions in 2022. The next highest proportion of the number of times that power to a customer was interrupted was Defective Equipment at 0.36 interruptions. ENWIN is continuously implementing its Distribution System Plan ("DSP") in an effort to decrease the frequency of interruptions to ENWIN Customers, including replacing equipment at end-of-life, implementing system enhancements to provide automation and redundancy to the system, and keeping up with maintenance activities which may result in a scheduled outage. ENWIN additionally works to learn from the failure of equipment to better improve targeted replacement planning.

Asset Management

- **Distribution System Plan Implementation Progress**

Distribution System Plan implementation progress is a performance measure instituted by the OEB starting in 2014. The DSP was prepared by ENWIN and submitted in 2019 for the period 2020-2024. The DSP outlined ENWIN's forecasted capital expenditures required to maintain and expand the electricity distribution system to serve its current and future customers over the period. The "Distribution System Plan Implementation Progress" measure is intended to assess ENWIN's effectiveness at planning and implementing the DSP. The DSP Investment Plan for 2022 was forecast at \$17.1M. The actual capital spend was \$18.3M, resulting in an implementation progress of 107%. In 2022, a revised budget of \$18.1M was targeted. In 2021 and 2022, global supply chain issues continued, causing suppliers to have difficulty maintaining production, which prevented the completion of some ENWIN capital projects, and also resulting in some project deferrals. Roadwork project changes also contributed to the changes in planned expenditures. Despite these challenges, ENWIN worked with dedication to implement sustainment and enhancement projects, and to facilitate the connection of new customers. In some cases, where materials needed for 2023 projects were available, they were purchased in advance to secure them so that 2023 projects would have a higher likelihood of being able to proceed.

Cost Control

- **Efficiency Assessment**

Ontario electricity distributors are divided into five cohort groups based on the magnitude of the difference between their respective individual actual and predicted costs, as determined by a third-party (Pacific Economics Group or "PEG") statistical cost benchmarking methodology

that uses a three-year average from 2020 to 2022. ENWIN's efficiency performance has been improving year over year since 2014. In 2022, ENWIN maintained its position in the Group 2 cohort, which is indicative of continued strong cost performance, with actual costs being more than 15% below predicted costs. ENWIN is managing operating costs and 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.

ENWIN's 2022 total cost per customer is \$717, which represents an increase from the prior year and was primarily the result of continued inflationary pressures. However, over the past 5 years, ENWIN has held a relatively stable total cost per customer, with a 5-year average of \$702 per customer.

ENWIN's cost per customer is comparable to other distributors serving built-out and established communities, as well as distributors serving energy-intensive customers. ENWIN is committed to infrastructure reinvestment to meet its customer's expectations for reliability with a reasonable cost. While ENWIN's load base has declined since peaking in 2006, ENWIN continues to invest in the 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 2022 total cost per kilometer of line is \$13,854, which represents an increase from the prior year and was primarily the result of continued inflationary pressures. However, this measure has continued to remain relatively stable over the past 5 years, with a 5-year average of \$13,456 per kilometer of line. This is reflective of ENWIN's continued efforts to adequately plan the annual level of spending needed to operate and maintain its distribution system.

Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected On Time**

In 2022, ENWIN connected four micro-embedded generation facilities and they were connected within the prescribed time frame of five working days, consistent with the 2021 result. As such, ENWIN exceeded the minimum acceptable OEB-mandated industry performance level for this measure, which 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 the 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 OEB's five-day time frame cannot be met by the regular service crews.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

ENWIN's current ratio was 2.03 in 2022 (2.18 in 2021). Compared to the 2021 Ontario industry average of 1.29, this metric demonstrates ENWIN's strong financial position and ability to meet short term financial obligations. The year-over-year decrease in the current ratio was primarily a result of a decrease in cash and cash equivalents, a result of regulatory timing differences relating to the cost of power. Overall, the current ratio exceeds the industry average and is a result of a strong balance sheet and sound financial management.

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

ENWIN's debt to equity ratio was 0.57 in 2022 (0.69 in 2021). This decrease was a result of a gain recognized in ENWIN's other comprehensive income, which was related to the remeasurement of employee future benefits which increased retained earnings in 2022. ENWIN's debt to equity ratio is among the lowest when compared to 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 investments in new infrastructure.

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

ENWIN's current distribution rates were approved by the OEB under the expectation that it will earn an 8.52% regulatory return on equity (deemed return). Should the achieved return fall outside of this expectation by plus or minus 3%, a regulatory review may be conducted by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

ENWIN's regulated return on equity achieved was 10.78% in 2022 (9.38% in 2021). ENWIN's rates were rebased through a Cost of Service rate application in 2020, which resulted in certain rate riders being returned to customers and reducing regulated return on equity until the rate riders are fully settled. Despite this, ENWIN's 2022 return on equity was improved compared to the prior year and better than the deemed regulatory return on equity as a result of a continued focus on controlling operating expenses and maximizing passive income sources.

Note to Readers of 2022 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.



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BY EMAIL

March 5, 2024

Josh Charles
Manager Regulatory Affairs
ENWIN Utilities Ltd.
4545 Rhodes Drive
P.O. Box 1625, Station A
Windsor ON N8W 5T1
Email: regulatory@enwin.com

Dear Mr. Charles:

**Re: Application for 2025 Electricity Rates
OEB File No. EB-2024-0019**

This letter is in response to your letter expressing an interest to defer ENWIN Utilities Ltd. (ENWIN) rebasing of its rates beyond the 2025 rate year for three years and request to extend its Price Cap IR rate setting term until rebasing.

Based on ENWIN's financial and service quality performance, the OEB is granting approval for ENWIN's request to defer its 2025 cost of service application. The OEB also recognizes ENWIN's latest placement within Group II in the OEB's benchmarking results. The OEB will place ENWIN on the list of distributors whose rates will be scheduled for rebasing for the 2028 rate year. The OEB notes ENWIN's commitment in its EB-2019-0032 settlement agreement to provide evidence on the link between asset condition and investment plan and to track assets replaced by asset type and cost. The OEB expects this information to be included in its next rebasing application.

The OEB also notes the establishment in the EB-2019-0032 proceeding of a variance account related to the eventual loss of revenues related to a large customer (the Deferred Lost Customer Distribution Revenue account). Enwin shall file in its next Price Cap IR application a proposal for clearance of any balances accumulated in this account.

The OEB's letter of December 1, 2021, outlined changes to the OEB's approach to deferrals. With this deferral, ENWIN must file a cost of service application for 2028 rates. If the rebasing application is not filed by the commencement of the 2028 rate year, the OEB will declare ENWIN's rates interim until ENWIN files a rebasing application. Additionally, there is no

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availability of an Incremental Capital Module for 2025-2027 rates and the OEB will not require ENWIN to file a DSP during this deferral period.

Yours truly,

Nancy
Marconi

Digitally signed by Nancy
Marconi
Date: 2024.03.05
12:21:43 -05'00'

Nancy Marconi
Registrar

VECC - 4

Reference:

Application, pp.6-7

Regulated Return on Equity (%)						
		2020	2021	2022	2023	2024
Deemed (%)	E.L.K. Energy	8.78	8.78	8.66	8.66	8.66
Achieved (%)		11.76	10.93	-1.97	-22.33	TBD*
*E.L.K. Energy Inc's 2024 ROE was not available as of the time of filing this application.						

Question:

- a) Please provide the equivalent table for ENWIN Utilities.
-

Response:

- a) Please see the response to SEC-1.

VECC - 5

Reference:

Application, p. 18

“WCUL expects the second phase will be to file an application to amalgamate E.L.K. Energy and ENWIN Utilities, with the amalgamated entity continuing under the name ENWIN Utilities Ltd. pursuant to section 86(1)(c) of the OEB Act (“Phase 2”)...

ENWIN Utilities and E.L.K. Energy are scheduled to file their cost of service rebasing application for rates effective January 1, 2028, and May 1, 2027, respectively. Both utilities intend to file such applications as scheduled and prior to the Phase 2 Transaction. The rebasing application is of particular importance to E.L.K. Energy to restore financial and operational viability of the utility moving forward.”

Question:

- a) If it is the intention of Windsor/ENWIN to amalgamate the operations of E.L.K. into a single utility (i.e., Phase 2) what is the purpose of rebasing E.L.K. rates prior to that amalgamation?
-

Response:

There is a pressing need to rebase E.L.K. rates given their recent financial performance since their last Cost of Service application (2022), achieving a negative ROE in each year 2022 – 2024, and significant net losses in excess of \$1 million in each of 2023 and 2024. It would not be prudent or viable for E.L.K. to continue to operate in this manner for an extended period of time. The OEB stressed this in their Decision and Rate Order EB-2023-0013 noting that E.L.K. should “...examine all strategic options for the utility, including an early rebasing”. E.L.K. has also hit the off-ramp defined in Section 3.2.10 of the OEB’s Chapter 3 Filing Requirements, given their earnings are outside of the dead band of +/- 300 basis points.

Separately rebasing E.L.K. and ENWIN will ensure that rates are set in a manner that reflects the current and ongoing costs to serve each utility’s customers, at which point it would then be prudent to look to amalgamate the utilities thereafter.

Please also see the response to SEC-2 and OEB Staff-4 c).

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Reference:

Application, pp. 24-25 / 27

“The structure of this transaction is unique, in that a deferred rebasing period is not being sought as part of this Application. WCUL is simply seeking Board approval for the purchase of E.L.K. Energy shares pursuant to section 86(2)(a) of the OEB Act, and then to continue to separately run and rebase each LDC over the coming two-year period, as would have been scheduled to occur absent the transaction.”

Table 9: Forecasted OM&A

OM&A Costs (dollars in thousands)	Phase 1				Phase 2	Post-Consolidation Period					
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
			E.L.K. COS Test Year	ENWIN COS Test Year	MAADs Application						
E.L.K.	\$ 4,544	\$ 4,772	\$ 5,010	\$ 5,110	\$ 5,110						
ENWIN	\$ 33,493	\$ 33,972	\$ 34,995	\$ 36,485	\$ 36,485						
E.L.K. + ENWIN	\$ 38,037	\$ 38,744	\$ 40,005	\$ 41,595	\$ 41,595	\$ 42,872	\$ 44,388	\$ 45,471	\$ 46,580	\$ 47,717	\$ 48,671
Synergies		-\$ 25	-\$ 50	-\$ 50	-\$ 50	-\$ 100	-\$ 125	-\$ 150	-\$ 200	-\$ 205	-\$ 210
Forecast OM&A	\$ 38,037	\$ 38,719	\$ 39,955	\$ 41,545	\$ 41,545	\$ 42,772	\$ 44,263	\$ 45,321	\$ 46,380	\$ 47,512	\$ 48,461
OM&A / Customer											
E.L.K.	\$ 358.42	\$ 376.40	\$ 395.17	\$ 403.06	\$ 403.06						
ENWIN	\$ 366.13	\$ 371.37	\$ 382.55	\$ 398.84	\$ 398.84	\$ 410.65	\$ 424.97	\$ 435.13	\$ 445.29	\$ 456.16	\$ 465.28

“Incremental one-time transaction and transition costs are expected to be approximately \$1 million. These costs will not be included in the revenue requirement of E.L.K. Energy, ENWIN Utilities, or the new ENWIN Utilities Ltd. and thus will not be funded by ratepayers.”

Question:

- a) In the Applicant’s view would a single “cost of service/amalgamation” application (rather than the two step- amalgamation + COS process as proposed) affect the one-time transaction costs? If so, please explain how it might increase or decrease these costs. Specifically, please discuss the potential for different regulatory costs in a one-step vs two-step process.
- b) Is the current plan to harmonize the rates of both utilities?
- c) Please provide the rates and a schedule comparing for each utility, ENWIN and E.L.K, the rate impacts for a typical customer in each residential and GS<50 class (e.g. residential at 750 or 1000 kWh of annual consumption).

- d) Please discuss what the issues might be if one were to apply ENWIN rates to the existing E.L.K. customer base.

Response:

- a) Preparing a single “cost of service/amalgamation” application would not be feasible at this point in time. Given the transaction for WCUL to purchase E.L.K. has not yet closed, the potential of being able to prepare a single, cohesive and consolidated cost of service / amalgamation application in a short time frame that reflects the ongoing operating approach to the combined utility is unlikely. Should such an application be attempted, it would be highly complex, given that ENWIN rates were last rebased in 2020; E.L.K. rates were last rebased in 2022, and E.L.K. has incurred losses since this point; and there would be significant integration and potentially harmonization activities to work through in most areas of both utilities prior to being able to bring forward a consolidated application.

Given the significantly increased scope and complexity of what would be involved in such an “all in” application, the Applicants do not necessarily believe the one-time transaction or regulatory costs would be significantly different, even if such an application were possible.

- b) Future rate harmonization plans have not been determined. Any harmonization plans will be the subject of the future amalgamation proceeding.
- c) Please see the table below. Note that the table includes ENWIN’s approved 2025 rates (EB-2024-0019), and E.L.K.’s proposed 2025 rates (EB-2024-0015).

Rate Class	Usage/ Demand	ENWIN (Current Rates from EB-2024-0019)				E.L.K. (Proposed Rates from EB-2024-0015)				
		Fixed Service Charge	Volumetric Distribution	RTSR	Total	Fixed Service Charge	Volumetric Distribution	Low Voltage Service Charge	RTSR	Total
Residential (kWh)	750	\$30.93	\$0.0000	\$0.0225	\$48.33	\$20.44	\$0.0000	\$0.0035	\$0.0195	\$38.30
GS<50 (kWh)	2,000	\$32.16	\$0.0202	\$0.0210	\$115.87	\$20.01	\$0.0068	\$0.0031	\$0.0171	\$75.44
GS>50 (kW)	200	\$127.17	\$5.6626	\$7.1194	\$2,683.57	\$202.46	\$1.8122	\$1.1966	\$7.0675	\$2,217.72

*Excludes rate riders, smart meter entity charge, regulatory and commodity charges, HST and OER

**RTSRs billed on loss-adjusted usage for Residential and GS<50 customers

- d) It is the Applicants’ intent for ENWIN and E.L.K. to operate independently until the future amalgamation application. Therefore, there is no potential that ENWIN rates will be applied to E.L.K. customers as this would not be permitted by

ENWIN or E.L.K.'s tariff of rates and charges. As noted in b) above, any future rate harmonization or related bill impact issues will be addressed in a future proceeding. The proposed, phased approach of separately rebasing E.L.K. and ENWIN will ensure that rates reflect the costs to serve each respective customer group.

VECC - 7

Reference:

Application, p.6

“Moreover, rebasing will allow both utilities to dispose of accumulated Group 2 balances. ...”

Question:

- a) What, if anything, would prohibit E.L.K. from disposing of Group 1 and Group 2 deferral and variance accounts prior to amalgamation of E.L.K. and ENWIN and without a new cost of service filing of E.L.K.
-

Response:

Group 1 deferral and variance accounts are permitted to be disposed of annually in IRM rate applications – therefore, there is nothing preventing the ongoing disposition of these accounts through the annual IRM rate setting process.

However, pursuant to the OEB’s Chapter 3 Filing Requirements, given the complexity and potential contentiousness of Group 2 deferral and variance account dispositions, they are generally not permitted to be requested for disposition in IRM rate applications. Group 2 dispositions are expected to be addressed in a cost of service rate application, as this is the most appropriate and efficient venue to address what are often distributor-specific matters.

Please also see the response to VECC-5 regarding the need to rebase E.L.K. rates prior to amalgamation.

VECC - 8

Reference:

Application, p.6

“While the Applicant acknowledges that this OEB panel cannot bind a future OEB panel that will hear these rate applications, the OEB has previously found such a proposal to be reasonable and similarly submits that the future rebasings and regulatory strategy set out in section 3.4 of this Application is also reasonable..”

Question:

- a) Given the Applicant’s acknowledgement that the panel of this proceeding cannot bind the Board with respect to future applications what comfort or direction is the Applicant seeking in this proceeding with respect to its plan for a two-step (Cost of Service rebasing for both utilities followed by an amalgamation proposal)?
-

Response:

- a) The Applicants’ have stated their plans for a phased approach to the transaction, including the independent rebasing of E.L.K. and ENWIN prior to amalgamation, to provide the OEB and parties with a complete picture of its future plans as they relate to the present Application that is currently before the Board.

While the Applicants acknowledge the present panel cannot bind a future panel, the Applicants have taken this full disclosure approach to be informative and transparent, ensuring the OEB is aware of intended next steps and has had the opportunity to make any necessary comments on them, as to not unnecessarily inhibit the ability for the future phases of the transaction to occur should these intentions not have been disclosed and were impacted by the Decision in this proceeding.

For example, in its EB-2019-0015 Decision, the OEB noted that the applicant’s intention to file separate cost of service rate applications was reasonable, and cited previous examples of utilities operating separately under common ownership.¹

¹ EB-2019-0015 Decision and Order, dated August 22, 2019, pp. 2, 25.